SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

22 E. Weber Avenue, Room 301 | Stockton, CA 95202 | (209) 937-7900 |www.sjafca.org

BOARD OF DIRECTORS

City of Stockton Kimberly Warmsley Dan Wright Alt. Michael Blower	**Public Member** Steve DeBrum	**San Joaquin County** Paul Canepa Miguel Villapudua Alt. Robert Rickman
City of Manteca Gary Singh, Chair Charlie Halford Alt. Mike Morowit	**Executive Director** Chris Elias	**City of Lathrop** Paul Akinjo, Vice-Chair Diane Lazard Alt. Jennifer Torres-O'Callaghan
San Joaquin County Flood Control and Water Conservation District		

BOARD MEETING
San Joaquin Council of Governments
Board Conference Room
555 E. Weber Ave, Stockton, CA

THURSDAY, JUNE 15, 2023, 10:00 A.M.

1. **CALL TO ORDER / ROLL CALL**

2. **PLEDGE TO FLAG**

3. **CONSENT ITEMS**

   3.1) Approve Minutes from the May 18, 2023, Board Meeting

4. **NEW BUSINESS**

   4.1) Resolution approving Memorandum of Understanding with Mossdale Tract Enhanced Infrastructure Financing District Public Finance Authority regarding EIFD Revenues, Operations and related actions

   4.2) Pending results of Property Owner Ballot Proceeding, adoption of resolution approving the formation of the Levee Construction & Maintenance assessment district and Final Engineer's Report and ordering of levy of assessments beginning in Fiscal Year 2023-24

4.3) Pending results of Property Owner Ballot Proceeding, authorize the issuance and sale of assessment revenue bonds to finance flood control improvements for the Levee Construction & Maintenance assessment district, and approving related documents and actions.

4.4) Smith Canal Gate Amendment 5 to the Funding Agreement with DWR

4.5) Fund Request for the San Joaquin River Basin, Lower San Joaquin River, California Project

5. BRIEFINGS

6. ORAL REPORT FROM EXECUTIVE DIRECTOR

6.1) Update on Other Agency Budgets
6.2) Staff request to move approval of Agency budget for FY 2023/24 to July 2023 Board Meeting

7. PUBLIC COMMENTS

8. BOARD QUESTIONS, COMMENTS, ACTIONS

9. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 937-7900 or (209) 937-7115 (fax). Requests must be made one full business day before the start of the meeting.

Agenda Item 3.1

MINUTES
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BOARD MEETING OF MAY 18, 2023

STOCKTON, CALIFORNIA

1. **CALL TO ORDER / ROLL CALL 10:01 AM**

Roll Call

Present:	Absent:
Director Akinjo	Director Lazard
Director Canepa	Director Villapudua
Director DeBrum	Director Warmsley
Director Halford	
Director Singh	
Director Wright	
Alternate Director Torres-O'Callaghan	

2. **PLEDGE TO FLAG 10:02 AM**

3. **CONSENT ITEMS 10:02 AM**

3.1) Approve Minutes from the April 20, 2023, Board Meeting.

PUBLIC COMMENT:

- Dominick Gulli submitted comments in writing and shared comments during the meeting for all to hear.

Motion: Approve the Minutes from the April 20, 2023, Board Meeting
Moved by: Director Canepa, Seconded by Director DeBrum
Vote: Motion carried 7-0
Yes: Director Akinjo, Director Canepa, Director DeBrum, Director Halford, Director Singh, Director Wright, Alt. Director Torres-O'Callaghan
Absent: Director Lazard, Director Villapudua, Director Warmsley

4. **NEW BUSINESS 10:06 AM**

4.1) Public Hearing to approve the Annual Engineer's Report and Budget for the Operations and Maintenance (O&M) for the Flood Protection Restoration Assessment District and, order the levy and collection of O&M Assessments within the District for Fiscal Year 2023 / 2024.

Public Hearing Opened: **10:06 AM**

PUBLIC COMMENT

- None.

Public Hearing Closed: **10:14 AM**

BOARD COMMENTS

- Director Akinjo shared comments during the meeting for all to hear.
- Director Canepa shared comments during the meeting for all to hear.
- Director DeBrum shared comments during the meeting for all to hear.

PUBLIC COMMENT

Opportunity for Public Comment was given at this time, at the request of the Public.

- Dominick Gulli shared comments during the meeting for all to hear.

Motion: To approve the Annual Engineer's Report and Budget for the Operations and Maintenance (O&M) for the Flood Protection Restoration Assessment District, and order the levy and collection of O&M Assessments within the District for Fiscal Year 2023/2024
Moved by: Director Wright, Seconded by Director Halford
Vote: Motion carried 7-0
Yes: Director Akinjo, Director Canepa, Director DeBrum, Director Halford, Director Singh, Director Wright, Alt. Director Torres-O'Callaghan
Absent: Director Lazard, Director Villapudua, Director Warmsley

4.2) Amended and restated Resolution updating the Policies of the Board of Directors of the San Joaquin Area Flood Control Agency for public participation and decorum at Board Meetings.

PUBLIC COMMENT

- Dominick Gulli shared comments during the meeting for all to hear.

Motion: To approve amended and restated Resolution updating the Policies of the Board of Directors of the San Joaquin Area Flood Control Agency for public participation and decorum at Board Meetings
Moved by: Director Halford, Seconded by Director DeBrum
Vote: Motion carried 7-0
Yes: Director Akinjo, Director Canepa, Director DeBrum, Director Halford, Director Singh, Director Wright, Alt. Director Torres-O'Callaghan
Absent: Director Lazard, Director Villapudua, Director Warmsley

5. **BRIEFINGS 10:28 AM**

Staff provided update on the Levee Construction and Maintenance Assessment.

PUBLIC COMMENT

- Dominick Gulli shared comments during the meeting for all to hear.

6. **ORAL REPORT FROM EXECUTIVE DIRECTOR 10:40 AM**

- Introduced new Accounting Technician Kalani Adams.

PUBLIC COMMENT

- Dominick Gulli shared comments during the meeting for all to hear.

7. **PUBLIC COMMENTS 10:42 AM**

PUBLIC COMMENT

- Dominick Gulli submitted written comments and shared comments during the meeting for all to hear.

8. **BOARD QUESTIONS, COMMENTS, ACTIONS 10:47 AM**

- Director Canepa shared comments.
- Director Akinjo asked questions and shared comments.
- Director Warmsley provided comments via written message to Executive Director Elias.

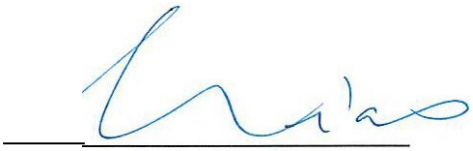
PUBLIC COMMENT

- Dominick Gulli shared comments during the meeting for all to hear.

9. **ADJOURNMENT 10:58 AM**

The meeting adjourned at 10:58 AM. The next meeting is scheduled for June 15, 2023, at 10:00 **AM.**

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 937-7900 or (209) 937-7115 (fax). Requests must be made one full business day before the start of the meeting.



CHRIS ELIAS
EXECUTIVE DIRECTOR
SAN JOAQUIN AREA FLOOD
CONTROL AGENCY

Agenda Item 4.1

June 15, 2023

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director
Seth Wurzel, Larsen Wurzel & Associates, Inc.

SUBJECT: **Memorandum of Understanding with the Mossdale Tract Enhanced Infrastructure Financing District Public Financing Authority regarding the transfer of EIFD Revenues**

RECOMMENDATION

Staff Recommends that the SJAFCA Board adopt a resolution approving a Memorandum of Understanding with the Mossdale Tract Enhanced Infrastructure Financing District Public Financing Authority (EIFD PFA) regarding EIFD Revenues and related actions.

DISCUSSION

Background

On July 21, 2022, the EIFD PFA completed the formation process of the Mossdale Tract EIFD by conducting the required final public hearing and adopting a resolution approving the Infrastructure Financing Plan and related formation of the EIFD. On May 18, 2023, the EIFD PFA approved its Annual Report which indicated that the EIFD PFA is expected to receive approximately $920,000 in Tax Increment which should be apportioned to the PFA by the County sometime in June 2023 or later.

Because the PFA is expected to receive Tax Increment funds at the end of FY 2022-23, and the sole purpose of the EIFD is to provide funds to SJAFCA for the Mossdale Tract Program, a mechanism is needed to move funding from EIFD PFA to SJAFCA. With this mechanism in place, SJAFCA will be able to budget the funding from the EIFD and use it to fund a portion of the Mossdale Tract Program. Staff has prepared a Memorandum of Understanding between the EIFD PFA and SJAFCA ("MOU") (**Attachment 3**) to provide for the movement of funding from the PFA to SJAFCA. The EIFD PFA Board approved the MOU at it's May 18th meeting. The agreement is now presented to the SJAFCA Board for approval.

Present Situation

The key aspect of the MOU, as it relates to the transfer of funding for projects are summarized in the bullets below:

- SJAFCA will prepare a list of the capital improvement projects for the EIFD that SJAFCA expects to implement consistent with the approved IFP (a "List").
- To the extent that the PFA has available funding, after administrative expenses, to fund the List of projects, it will allocate funding to SJAFCA for the listed projects.

Because SJAFCA is working to establish other funding for the project, in particular State and Federal funding, terms have been incorporated into the MOU to address the possibility that the full Tax Increment capacity of the EIFD may not be needed in the future. As such, staff has incorporated terms that provide for the return of any allocated funding to SJAFCA that is potentially not needed back to the Authority. These special provisions of the MOU are summarized below:

- To the extent, that for FY's 2023-24 through 2026-27, SJAFCA has been allocated funding from the PFA for the projects on the List, but has not utilized that funding within two years

of receipt of that funding, the PFA or any of its member agencies may request that SJAFCA and the PFA meet and confer as to the need and timing of future funding. More specifically, as it relates to that meet and confer process.

- The meeting shall discuss whether (i) any additional funding is needed from the PFA by SJAFCA in the future; (ii) the timing of any needed future funding; and (iii) whether any funding that has not been used should be returned to PFA to be further returned back to the agency that provided the property tax increment.

Finally, the other relevant provisions of the MOU involve staffing services of the PFA. The MOU provides for SJAFCA to staff and provide for the administrative / operational services of the PFA with reimbursement to SJAFCA by the PFA for the cost of these services. Further, it ensures that all conflicts are waived as part of providing these services given the understanding that the PFA was established to fund and advance SJAFCA's Mossdale Tract program.

FISCAL IMPACT

There is no fiscal impact as a result of the SJAFCA Board's approval of the recommendation at this time. Funding from the EIFD PFA will be budgeted in the future pursuant to this MOU.

APPROVED BY:

CHRIS ELIAS
EXECUTIVE DIRECTOR

ATTACHMENTS

1. SJAFCA Resolution 23-15 – A Resolution approving a Memorandum of Understanding with the Mossdale Tract Enhanced Infrastructure Financing District Public Financing Authority regarding EIFD Revenues, operations, and related actions.

ATTACHMENT 1

RESOLUTION NO. SJAFCA 23- 15

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING WITH THE MOSSDALE TRACT ENHANCED INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCING AUTHORITY REGARDING EIFD REVENUES, OPERATIONS, AND RELATED ACTIONS

WHEREAS, on July 21, 2022, the Mossdale Tact Enhanced Infrastructure Financing District (EIFD) Public Financing Authority (PFA) adopted Resolution 2022-09 approving the Infrastructure Financing Plan for the EIFD and forming the EIFD; and

WHEREAS, on May 18, 2023, the PFA adopted Resolution 2023-02 approving the Annual Report for the EIFD which reported that more than $900,000 of revenues are expected to be apportioned in June 2023 or soon thereafter; and

WHEREAS, the PFA's Resolution 2023-02 also approved a Memorandum of Understanding (MOU) with the San Joaquin Area Flood Control Agency (SJAFCA), attached hereto as Exhibit A, to address the transfer of EIFD revenues to SJAFCA and memorialize certain obligations and responsibilities; and,

WHEREAS, SJAFCA also deems it prudent to enter into the MOU with the PFA.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Joaquin Area Flood Control Agency as follows:

Section 1. **Recitals.** The Board finds and determines that the foregoing recitals are true and correct.

Section 2. **Approval of MOU.** The Board hereby approves the MOU and the Executive Director and/or his designee ("Designated Officers") are hereby authorized to execute and deliver the MOU on behalf of the Board, in substantially final form with such changes therein as the Designated Officers, may require or approve, consistent with the terms and conditions of this resolution.

DRAFT

PASSED, APPROVED AND ADOPTED this 15th day of June 2023.

GARY SINGH, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

DRAFT

Exhibit A

MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY AND THE MOSSDALE TRACT ENHANCED INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCING AUTHORITY

This Memorandum of Understanding (this "MOU") is dated as of _____ ____, 2023 (the "Effective Date"), and is entered into by and between the MOSSDALE TRACT INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCING AUTHORITY, a public agency (the "Authority"), and the SAN JOAQUIN AREA FLOOD CONTROL AGENCY, a joint powers authority ("SJAFCA"). Authority and SJAFCA are sometimes referred to in this MOU, individually, as a "Party" and, collectively, as the "Parties." The Parties enter into this MOU with reference to the following recited facts (each, a "Recital"):

RECITALS

A. The California Legislature enacted California Government Code (the "Code") sections 53398.50 through 53398.88 (the "EIFD Law") authorizing cities and counties to form enhanced infrastructure financing districts and use specified property tax increment revenue generated within such districts to finance certain infrastructure and community benefit projects; and

B. In enacting the EIFD Law, the California Legislature found and determined that with the dissolution of redevelopment agencies, public benefits will accrue, if local agencies finance public infrastructure and community benefit projects authorized under the EIFD Law;

C. On January 13, 2022 the City Council of the City of Lathrop adopted its resolution stating its intention to establish the Mossdale Tract Enhanced Infrastructure Financing District (the "EIFD");

D. on January 18, 2022, the City Council of the City of Manteca adopted its resolution of intent to participate in the proposed EIFD;

E. on February 8, 2022, the City Council of the City of Stockton adopted its resolution of intent to participate in the proposed EIFD;

F. on February 15, 2022, the San Joaquin County Board of Supervisors adopted its resolution of intent to participate in the proposed EIFD;

G. on March 2, 2022, the Authority directed the preparation of an Infrastructure Financing Plan (the "IFP") for the District;

H. on June 14, 2022, the City of Stockton, adopted its resolution approving the IFP;

I. on June 21, 2022, the County of San Joaquin, adopted its resolution approving the IFP;

DRAFT

J. on June 21, 2022, the City of Manteca, adopted its resolution approving the IFP;

K. on July 11, 2022, the City of Lathrop, adopted its resolution approving the IFP;

L. on July 21, 2022, the Authority adopted its resolution adopting the IFP for the EIFD and forming the EIFD;

M. The IFP provides for the EIFD to financially assist certain public flood control infrastructure projects including, but not limited to, public flood risk reduction infrastructure associated with ensuring that the resulting levee system complies with the Urban Levee Design Criteria promulgated by the California Department of Water Resources and SJAFCA's Resolution No. 19-06 and SJAFCA's Adopted Policy for Adapting Design Standards for the Mossdale Tract Area of SJAFCA in light of Climate Change;

N. SJAFCA and Authority desire to provide for an efficient process for the Authority to provide financial assistance to the identified SJAFCA infrastructure projects and for SJAFCA to provide staff resources for the efficient operation of the District;

NOW THEREFORE, in consideration of the above Recitals, the covenants, conditions and agreements set forth in this MOU, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. TERM. This MOU shall commence on the Effective Date and shall continue until amended by the parties or modified pursuant to Section 3.1.2, subject to the rights of the Parties under Section 7. Notwithstanding any provision of this MOU to the contrary, the term shall not exceed the duration of the EIFD.

2. ANNUAL INFRASTRUCTURE PROGRAM PROCESS. SJAFCA and Authority acknowledge and agree that all of the public infrastructure projects identified in the IFP for financing thru the EIFD constitute the Authority capital improvement projects ("Authority CIP(s)") and are part of a larger group of SJAFCA capital improvement projects ("CIPs") that will be designed, contracted for and constructed by SJAFCA, or by other public entities pursuant to contribution agreements with SJAFCA for SJAFCA to reimburse costs of construction of the capital improvements to the public entities.

3.1. Implementation. In order to provide for implementation of the Authority CIPs, SJAFCA and Authority agree that, by the end of the third fiscal year quarter of each fiscal year during which this MOU is in effect, SJAFCA shall deliver to Authority a list (the "List") of the Authority CIPs that SJAFCA plans to implement (whether one or more project phases or the complete Authority CIPs) during the immediately following fiscal year and request Authority transfer of funding for such Authority CIPs ("Approved Authority CIPs").

3.1.1. To the extent that Authority has funds currently on-hand and/or that are projected to be received and available (not previously committed to Authority operating expenses in the applicable Authority fiscal year budget or other Authority CIPs identified by SJAFCA for implementation) to finance Authority CIPs ("Available Funds") and SJAFCA has indicated that it needs such Available Funds for the planning, permitting, design and construction of the CIPs on the List, Authority shall allocate such Available

Funds to SJAFCA for the Approved Authority CIPs on the List in the order of priority presented by SJAFCA.

3.1.2. Notwithstanding this Section 3.1, for fiscal years 2023-24, 2024-2025, 2025-2026, and 2026-2027, if SJAFCA has not used the funding provided by the Authority within two years of receipt of that funding, then the Authority or one of its member agencies may request that the Authority and SJAFCA meet and confer as to the need and timing of future funding. Such meet and confer shall occur as between the Authority and SJAFCA and shall include a representative of each of the member agencies. The meeting shall discuss whether (i) any additional funding is needed from the Authority in the next or future fiscal years; (ii) the timing of any future funding; and (iii) whether the funding that has not been used should be returned to the Authority to be further returned back to the agency that provided the property tax increment, subject to compliance with any applicable Authority and/or SJAFCA financing obligations and covenants and applicable Federal tax law. Absent agreement of the Authority, SJAFCA, and the representatives of the member agencies, Available Funds shall continue to be allocated.

3.1.3. Allocation of funds projected to be received is subject to actual receipt of such funds by the Authority. The amount of Available Funds allocated to any Authority CIP shall be equal to the estimated cost of such Authority CIP not funded from other financing sources, until Authority has no more Available Funds or the amount of the estimated cost of such Authority CIP not funded from other financing sources has been allocated to SJAFCA, whichever occurs first.

3.1.4. Authority shall consider allocation of Available Funds to SJAFCA for the Authority CIPs identified for implementation in the immediately following fiscal year, to the extent practical, by the end of the third fiscal year quarter of each fiscal year, or as otherwise docketed for consideration by the Authority.

3.2. Funding Reallocation. If and to the extent that SJAFCA's priorities change for Authority CIPs identified for implementation, whether due to emergency, unforeseen circumstances accelerating or slowing project progress, other funding becoming available, increasing or decreasing costs, etc., SJAFCA may reallocate all or a portion of money allocated by Authority to another Authority CIP in compliance with the IFP and subject to approval by the Authority.

3.2.1. SJAFCA shall only spend money from the Authority on Authority CIPs in accordance with SJAFCA's then current process for budgeting and executing its projects.

3.2.2. If and to the extent that an Authority CIP allocated funds by Authority will not proceed to completion of the entire project, phase(s), or other elements for which Authority provided funding, such funding shall be either allocated by SJAFCA to another Authority CIP allocated funding by Authority or returned to Authority.

4. AUTHORITY BUDGET. Authority will endeavor to adopt a budget for its operating expenses and Authority CIP expenditures for Authority's immediately following fiscal year by the end of the third fiscal year quarter of each fiscal year. Authority's operating expense portion of its budget shall include funds allocated to reimburse SJAFCA for staff services provided to Authority pursuant to Section 5. When SJAFCA delivers to Authority the list of Authority CIPs that SJAFCA

DRAFT

plans to implement during the immediately following fiscal year, pursuant to Section 3, SJAFCA shall also deliver a budget estimate to Authority for SJAFCA staff services and Authority program operating expenses to Authority for the immediately following fiscal year.

5. SJAFCA STAFFING OF AUTHORITY. SJAFCA shall provide the employees, consultants, and legal services ("SJAFCA Staff") for the Authority on an as needed basis. Authority shall pay SJAFCA for the documented time of SJAFCA Staff who provide services to Authority at each person's then applicable hourly SJAFCA salary rate, including applicable overhead and load, or such rates as are charged to SJAFCA for non-SJAFCA employees. All SJAFCA Staff expenses incurred by Authority shall be billed to Authority and paid to SJAFCA using a billable internal order of SJAFCA.

5.1. At the request of Authority, SJAFCA shall send detailed accounting records of SJAFCA staff costs incurred in staffing the Authority. The costs of SJAFCA staff incurred by Authority shall accrue during any time period that Authority does not have revenue to pay such costs and shall be payable when Authority has revenue available to pay such costs.

5.2 SJAFCA and Authority acknowledge that employees, consultants, and legal counsel are providing services to both and hereby waive any conflicts that may arise from providing such services, recognizing the significant overlapping functions of SJAFCA and Authority and that Authority has been created for the exclusive purpose of providing needed funding to SJAFCA for the Authority CIPs.

6. COMPLIANCE WITH LAWS AND POLICIES. The Parties shall comply with all applicable laws, statutes, rules, regulations, orders, ordinances, resolutions, permits, requirements, and policies of the Federal, State, SJAFCA and other local governments to the extent applicable to their performance under this MOU.

7. REMEDIES FOR NON-PERFORMANCE. Notwithstanding any provision of this MOU to the contrary, if a Party fails to comply with any term or condition of this MOU, the other Party may exercise any or all of the following remedies: (a) any remedy specified in this MOU for such non-performance; or (b) any remedy available to the Party at law or in equity for such non-performance. The rights and remedies of the Parties under this MOU are cumulative and exercise of any one or more of such rights or remedies shall not limit, waive, or deny any of a Party's other rights or remedies under this MOU, at law or in equity, existing as of the Effective Date or later enacted or established, that may be available to a Party.

8. INFORMAL DISPUTE RESOLUTION. If the Parties have any dispute as to their respective rights, obligations, or duties under this MOU, or the meaning or interpretation of any provision contained in this MOU, they shall first attempt to resolve such dispute by informal discussion between their respective representatives. Within five (5) calendar days of determining the existence of any such dispute, the Party determining there is such a dispute may give Notice to the other Party of the existence of the dispute and the need to meet informally to resolve such dispute. The Parties shall endeavor, thereafter, to meet within five (5) calendar days of the second Party's receipt of such Notice, or at such time as is reasonable under the circumstances.

DRAFT

9. AUTHORITY INDEMNIFICATION OF SJAFCA. Authority shall defend, indemnify, protect, and hold harmless SJAFCA, its elected officials, officers, employees, representatives, and agents from and against any and all claims asserted, or liability established, for damages or injuries to any person or property, including injury to Authority members or Authority officers, employees, invitees, guests, or agents that arise from, or are connected with, or are caused, or claimed to be caused by, this MOU, or by one or more acts or omissions of Authority, Authority members, or Authority or Authority officers, employees, invitees, guests, or agents in performing this MOU, and all expenses of investigating and defending against same, including attorney's fees and costs. However, Authority's duty to indemnify and hold harmless pursuant to this Section 9 shall not include any claims or liability arising from the established sole negligence or willful misconduct of SJAFCA, its elected officials, officers, employees, representatives, or agents. SJAFCA may, at its sole discretion, conduct or participate in its own defense of any claim subject to this Section 9. If SJAFCA elects to conduct or participate in its own defense, or obtain independent legal counsel in defense of any claim subject to this Section 9, Authority shall pay SJAFCA for all costs related thereto, including attorney's fees and costs. Authority shall pay SJAFCA any and all costs SJAFCA incurs enforcing the indemnity and defense provisions set forth in this Section 9.

10. SJAFCA INDEMNIFICATION OF AUTHORITY. SJAFCA shall defend, indemnify, protect, and hold harmless Authority, its board members, and Authority or Authority, officers, employees, representatives, and agents from and against any and all claims asserted, or liability established, for damages or injuries to any person or property, including injury to SJAFCA's elected officials, officers, employees, invitees, guests, or agents that arise from, or are connected with, or are caused, or claimed to be caused by, this MOU, or by one or more acts or omissions of SJAFCA, its elected officials, officers, employees, invitees, guests, or agents in performing this MOU, and all expenses of investigating and defending against same, including attorney's fees and costs. However, SJAFCA's duty to indemnify and hold harmless pursuant to this Section 10 shall not include any claims or liability arising from the established sole negligence or willful misconduct of Authority, Authority members, or Authority or Authority officers, employees, representatives, or agents. Authority may, at its sole discretion, conduct or participate in its own defense of any claim subject to this Section 10. If Authority elects to conduct or participate in its own defense or obtain independent legal counsel in defense of any claim subject to this Section 10, SJAFCA shall pay Authority for all costs related thereto, including attorney's fees and costs. SJAFCA shall pay Authority any and all costs Authority incurs enforcing the indemnity and defense provisions set forth in this Section 10.

11. NOTICE. In all cases where Notice is required under this MOU, Notice may be given by electronic mail, messenger, nationally recognized overnight (one-business day) courier, or United States Postal Service first class mail. A Notice shall be effective on the date sent by electronic mail, if sent before 3:00 p.m. Pacific Time, the date personally delivered by messenger to the Notice recipient, the first business day after deposit with an overnight courier for next business day delivery, or the third business day after the Notice is deposited with the United States Postal Service, in each case with all applicable postage or delivery costs paid and addressed to SJAFCA or Authority as specified below. SJAFCA or Authority may change its Notice address by Notice delivered in accordance with this Section 11.

If to the SJAFCA: San Joaquin Area Flood Control Agency
22 E. Weber Avenue, Room 301
Stockton, CA 95202

DRAFT

Telephone: (209) 937-8211
Attention: Board Secretary

If to the Authority: Mossdale Tract Infrastructure Financing District Public Financing Authority
22 E. Weber Avenue, Room 301
Stockton, CA 95202
Telephone:
Attention: Authority Secretary

12. NO ASSIGNMENT. Neither Party shall have any right to assign all or any portion of this MOU to a third person. Any putative assignment of either Party's rights, obligations, or duties under this MOU shall not create a contractual relationship between the other Party and any putative assignee, and any such assignment shall be ineffective, null and void. Any assignment in violation of this Section 12 is grounds for immediate termination of this MOU, at the sole and absolute discretion of the Party not making the assignment.

13. MISCELLANEOUS PROVISIONS.

13.1. Governmental Powers. Nothing contained in this MOU shall be construed as a limitation upon the powers of SJAFCA or the Authority.

13.2. Governing Law. The terms and conditions of this MOU shall be construed and interpreted in accordance with the laws of the State.

13.3. Jurisdiction and Venue. The Parties agree to submit to the personal jurisdiction of, and that venue shall be in, any State court within the County of San Joaquin, State of California, for any dispute, claim, or matter arising out of, or related to, this MOU.

13.4. Integration and Amendment. This MOU, and any exhibits attached to this MOU, fully express all understandings of the Parties concerning the matters covered in this MOU. Any and all prior negotiations and agreements between the Parties regarding the subject matter of this MOU are merged into this MOU. No change, alteration, amendment, or modification of the terms or conditions of this MOU, and no verbal understanding of the Parties, their officers, agents, or employees shall be valid, unless made in the form of a written amendment to this MOU signed by both Parties. The Parties agree to enter into any and all amendments to this MOU that are necessary to comply with any and all new or modified Federal or State laws affecting this MOU.

13.5. No Waiver. No failure of either SJAFCA or Authority to insist upon the strict performance by the other of any term, covenant, or condition of this MOU, nor any failure to exercise any right or remedy consequent upon a breach of any term, covenant, or condition of this MOU, shall constitute a waiver of any such breach or the requirement to comply with such term, covenant, or condition. No waiver of any breach shall affect or alter this MOU, and each and every term, covenant, and condition, in this MOU shall continue in full force and effect regarding any existing or subsequent breach.

DRAFT

13.6. Successors in Interest. This MOU, and all rights, obligations, or duties under this MOU, shall be in full force and effect, whether or not any Party to this MOU has been succeeded by another entity, and all rights, obligations, or duties under this MOU shall be vested and binding on any Party's successor in interest, subject to the limitations in this MOU on assignment of this MOU.

13.7. Severability. The unenforceability, invalidity, or illegality of any provision of this MOU shall not render any other provision of this MOU unenforceable, invalid, or illegal.

13.8. Conflicts between Terms. If an apparent conflict or inconsistency exists between the main body of this MOU and any exhibit attached to this MOU, the main body of this MOU shall control. If a conflict exists between an applicable Federal, State, SJAFCA, or other law, rule, regulation, order, or code and this MOU, then the law, rule, regulation, order, or code shall control. Varying degrees of stringency among the main body of this MOU, the exhibits, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this MOU.

13.9. Principles of Interpretation. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this MOU. A word, term or phrase defined in this MOU may be used in the singular, plural, past tense or future tense, regardless of how it is defined, all in accordance with ordinary principles of English grammar, which shall govern all language in this MOU.

13.10. Counterparts. This MOU may be signed in multiple counterparts, which, when taken together, shall constitute a single signed original, as though all Parties had signed the same MOU.

13.11. Headings. All headings in this MOU are for convenience of reference only and shall not affect the interpretation of this MOU.

13.12. Exhibits Incorporated. All exhibits referenced in this MOU are incorporated into this MOU.

13.13. Survival of Obligations. All representations, indemnifications, warranties, and guarantees made in, required by, or given in accordance with this MOU, and all continuing obligations set forth in this MOU, shall survive expiration or earlier termination of this MOU.

13.14. Incorporation of Recitals. The Recitals preceding this MOU are true and correct and are incorporated into and made a part of this MOU.

13.15. Time of Essence. Time is of the essence of each provision of this MOU, unless otherwise specified in this MOU.

DRAFT

IN WITNESS WHEREOF, this MOU is entered into as of the date set forth above by SJAFCA, acting by and through its Board President or designee, and by the Authority, by and through the signature of the Authority's authorized representative(s), all as set forth below.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By: _____
[NAME TITLE]

MOSSDALE TRACT INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCING AUTHORITY

By: _____
[NAME TITLE]

DRAFT

Agenda Item 4.2

June 15, 2023

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director
Seth Wurzel, Larsen Wurzel & Associates, Inc.

SUBJECT: **PENDING RESULTS OF THE PROPOSITION 218 PROPERTY OWNER BALLOT PROCEEDING - ADOPTION OF RESOLUTION APPROVING FINAL ENGINEER'S REPORT, FORMING THE LEVEE CONSTRUCTION & MAINTENANCE ASSESSMENT DISTRICT AND ORDERING THE LEVY OF ASSESSMENTS BEGINNING IN FISCAL YEAR 2023-24**

RECOMMENDATION

Pending the receipt of the certified results from the tabulation of the protest ballot proceeding from Larsen Wurzel & Associates, Inc. (LWA), it is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) adopt a resolution approving the Final Engineer's Report and the formation of the Levee Construction & Maintenance Assessment District (LCMA District) and ordering the levy of assessments beginning in Fiscal Year 2023-24.

DISCUSSION

Background

On June 8, 2023, SJAFCA held a special meeting of the Board of Directors to conduct the required public hearing for the proposed assessment district formation. Upon the conclusion of the public hearing, the SJAFCA Board directed LWA to complete the ballot tabulation and present the results of the tabulation at this June 15, 2023 Board meeting.

Present Situation

The tabulation of the assessments ballots was completed, following the close of the public hearing, between June 9th and 13th by LWA at the Law Offices of Downey Brand in Stockton. Due to the timing of staff report and agenda preparation, the results have not been incorporated into this staff report. A copy of the Final Tabulation Report prepared by LWA will be transmitted to the Board prior to the start of the June 15th meeting.

Assuming that the weighted votes in favor of the LCMA district formation outweigh those in opposition, the Board may consider the formation of the proposed assessment district and the levy of assessments on parcels in the LCMA District. As such, it is recommended that the Board consider all public testimony received during the public hearing and after such consideration adopt an updated resolution, to be provided at the June 15th meeting, approving the Final Engineer's Report, forming the Levee Construction and Maintenance Assessment District and ordering the levy of assessment beginning in Fiscal Year 2023-24 (Resolution of Formation). Attachment 1 to this staff report presents a form of Resolution of Formation that includes blanks which will be updated to reflect the results of LWA's certified ballot tabulation results. Formation of the LCMA assessment district is pursuant to Article XIII D of the California Constitution, Proposition 218 Omnibus Implementation Act, Government Code § 53750 et seq., and the Benefit Assessment Act of 1982, Government Code § 54703 et seq.

Next Steps: Final Engineer's Report, Boundary Map and CEQA Notice of Exemption

On March 16, 2023, the Board adopted Resolution No. 23-07 approving the Boundaries of the LCMA District and preliminarily approving the San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment Preliminary Engineer's Report dated March 16, 2023.

Adoption of Resolution approving Final Engineer's Report, forming the Levee Construction & Maintenance Assessment District and ordering the levy of assessments beginning in Fiscal Year 2023-24

Pending the results of the Ballot Tabulation, the Preliminary Engineer's Report's title and date will be updated to be a Final Engineer's Report with an approval date of June 15, 2023. As required by Proposition 218, the Engineer's Report has been prepared by a Registered Professional Engineer certified by the State of California. The Final Engineer's Report will reflect this requirement as it will be signed and stamped by a California Registered Professional Civil Engineer. A copy of the Final Engineer's Report will be presented to the Board at the June 15th meeting for approval as part of the Resolution of Formation.

The Boundary Map approved as part of Resolution No. 23-07 is ordered to be filed with the Secretary of the Agency and recorded in the Book of Maps of Assessment and Community Facilities Districts by the County Recorder as part of the Resolution of Formation.

Finally, Agency Staff will cause an applicable CEQA notice of exemption to be filed with the County Clerk pursuant to Public Resources Code § 21080(b)(8) [California Code of Regulations § 15273].

FISCAL IMPACT

With the approval of the Resolution of Formation and the ordering of the levy of assessments commencing in Fiscal Year 2023-24, the Agency would experience a positive fiscal impact by increasing its revenues by approximately $7,684,000 per year. Approximately $1,484,000 million of this revenue would be levied for the benefit of O&M related activities for San Joaquin County Flood Control and Water Conservation District Zone 9 Project levee operations and maintenance services. It is expected that if the LCMA District is formed, in near future, SJAFCA would enter into an agreement with Zone 9 for the transfer of a portion of these funds for O&M based upon an approved budget for O&M adopted by the County. The process is expected to be similar to the current arrangement SJAFCA has with the San Joaquin County Flood Control and Water Conservation District for the AD 96-1 Assessment. The remaining approximately $6,200,000 would be utilized by SJAFCA to advance flood control improvements. This would be accomplished through issuance of debt secured by future assessments and the use of assessments revenues on a pay-as-you-go basis. The priority set of improvements that SJAFCA would advance would be associated with the Lower San Joaquin River Project. SJAFCA would also utilize proceeds of bonds issued and payable from the assessment to purchase or redeem the outstanding debt associated with the Smith Canal Area Assessment District and cease levying the associated assessments.

The revenues associated with the LCMA District will be reflected in the Agency's Lower San Joaquin River Project and Smith Canal Project CIP FY 2023/24 budgets which are expected to be presented to the Board at its regular July Board meeting.

Strategic Plan Consistency Analysis

The material found in this report is consistent with the Mission and Goals of the Board-adopted Strategic Plan, specifically Goal 1 to Plan for and Implement System Resiliency and Goal 3

Adoption of Resolution approving Final Engineer's Report, forming the Levee Construction & Maintenance Assessment District and ordering the levy of assessments beginning in Fiscal Year 2023-24

Facilitate Funding Structures that are Most Beneficial to Local Interests.

APPROVED BY:

CHRIS ELIAS
EXECUTIVE DIRECTOR

Attachments:

1. *Form of:* RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY APPROVING FINAL ENGINEER'S REPORT, FORMING THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT AND ORDERING LEVY OF ASSESSMENTS BEGINNING IN FISCAL YEAR 2023-24

2. *Pending results of the Proposition 218 Ballot Proceeding to items to be provided at the meeting:*

    a. Ballot Tabulation Report
    b. San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District (LCMA District) Final Engineer's Report dated June 15, 2023

RESOLUTION NO. SJAFCA 23-16

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY APPROVING FINAL ENGINEER'S REPORT, FORMING THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT AND ORDERING LEVY OF ASSESSMENTS BEGINNING IN FISCAL YEAR 2023-24

WHEREAS, the San Joaquin Area Flood Control Agency (the "Agency") is a joint powers agency that was created in May 1995 between the City of Stockton ("Stockton"), San Joaquin County ("County") and the San Joaquin County Flood Control and Water Conservation District ("SJCFCWCD"), for the purpose of providing flood protection services for the City of Stockton and surrounding unincorporated areas of the County;

WHEREAS, in January of 2018 Stockton, the County, the SJCFCWCD, the City of Lathrop ("Lathrop"), and the City of Manteca ("Manteca") executed an Amended and Restated Joint Exercise of Powers Agreement to reform the Agency by adding Lathrop and Manteca as members;

WHEREAS, the SJCFCWCD maintains a system of 119 miles of flood control channels and 112 miles of flood control levees ("Project channels" and "Project levees," respectively) in accordance with agreements with the United States Army Corps of Engineers ("USACE") and the California Department of Water Resources ("DWR");

WHEREAS, the SJCFCWCD has determined that the costs to comply with these agreements and the standards associated with the requirements to operate, maintain, repair, rehabilitate, and replace (OMRR&R) Project levees and Project channels has increased beyond the current financial resources available to the area of the SJCFCWCD ("Zone 9") served by the Project channels and the Project levees;

WHEREAS, the SJCFCWCD, after completing an analysis of the budget and available resources for Zone 9 has determined that the most equitable and efficient approach to generating needed new resources is to form a new special benefit assessment district to levy assessments on those properties specially benefiting from flood conveyance maintenance services provided by the Project channels and Project levees;

WHEREAS, in 2009, the Agency partnered with the Central Valley Flood Protection Board ("CVFPB") and the USACE to study and evaluate ways to improve the region's flood risk, which resulted in the San Joaquin River Basin, Lower San Joaquin River, California Final Integrated interim Feasibility Report/Environmental Impact Statement/Environmental Impact Report ("Feasibility Study"), completed by the USACE in January 2018, which recommended a plan set forth within the Feasibility Study that was subsequently authorized by the United States Congress and signed into law under the Water Infrastructure Improvements for the Nation Act (Public Law 115-270) Title 1, Subtitle D, Section 1401(2), dated October 23, 2018;

DRAFT

WHEREAS, the recommended, Congressionally-authorized plan found in the Feasibility Study, referred to as the Lower San Joaquin River Project ("LSJRP"), consists of 23 miles of levee improvements and two closure structures;

WHEREAS, on September 30, 2020, the USACE, CVFPB and the Agency entered into a Project Partnership Agreement ("PPA"), which sets forth the requirements, obligations, and responsibilities of the Federal government and the Non-Federal sponsor ("NFS") with respect to the LSJRP, which NFS is defined in the PPA to include both CVFPB and SJAFCA, and also on September, 30, 2020, the CVFPB and the Agency entered into a Local Project Partnership Agreement that specifies the obligations of each of them related to the LSJRP, including CVFPB's and the Agency's commitment to contribute 24.5% and 10.5%, respectively, of the total estimated cost of the LSJRP;

WHEREAS, in October 2020, the Agency entered into contract with Willdan Financial Services to evaluate the feasibility of establishing an assessment district to fund the Agency's share of the projected cost of the LSJRP;

WHEREAS, in July 2022, the Agency and the SJCFCWCD executed a Memorandum of Understanding ("MOU") for the purpose of undertaking a combined assessment district formation process to fund both levee operation and maintenance as well as the Agency's cost share for the LSJRP;

WHEREAS, the Agency now plans to establish the Levee Construction and Maintenance Assessment District ("LCMA Assessment District") to fund the cost of constructing levee and flood control improvements incident to the LSJRP either directly or in partnership with the USACE, as well as costs of the operation and maintenance of levees and flood control facilities (collectively, the "Services");

WHEREAS, the Services will provide special benefits to certain parcels in North and Central Stockton and the surrounding area (collectively, the "Properties") within the proposed boundaries of the LCMA Assessment District;

WHEREAS, through the MOU, the Agency and SJCFCWCD have engaged the firm of Larsen Wurzel & Associates, Inc., to have a registered professional engineer certified by the State of California prepare a detailed Engineer's Report ("Engineer's Report") establishing a methodology to determine and assess the special benefits received by the Properties from the Services and to allocate the costs of the Services to the Properties in proportion to said special benefits;

WHEREAS, the proposed boundaries of the LCMA Assessment District area include all the Properties that receive special benefit from the Services, while excluding properties not receiving special benefits from the Services and any incidentally-benefited properties in adjacent areas;

WHEREAS, the Board of Director of the Agency has determined to undertake proceedings pursuant to the Benefit Assessment Act of 1982, Government Code section 54703 et. seq. ("Act") to establish the LCMA Assessment District and to levy assessments to pay costs of the Services for the Properties to be included within the LCMA Assessment District boundaries;

DRAFT

WHEREAS, on March 16, 2023, the Board of Directors of the Agency adopted Resolution No. 23-07, which:

- Proposed forming the LCMA Assessment District and levying a special benefit assessment;
- Identified the LCMA Assessment District's proposed boundaries;
- Preliminarily approved the Engineer's Report;
- Fixed the time of a public hearing to hear public comment on the proposed LCMA Assessment District and special benefit assessment; and,
- Directed the Agency's consultants and staff to undertake the procedural and approval processes including the mailing of notices and ballots which are necessary for the establishment of the LCMA Assessment District and levying of a special assessment proportional to the special benefits to be provided by the Services;

WHEREAS, also on March 16, 2023, the Board of Directors of the Agency adopted Resolution No. 23-08, which adopted Proposition 218 procedures to be followed in the implementation of the provisions of Proposition 218 relating to the proposed LCMA Assessment District (the "218 Procedures), and the 218 Procedures have been followed in connection with the activities directed by Resolution No. 23-07;

WHEREAS, during April, May and June of 2023 the Agency conducted an assessment ballot proceeding pursuant to Proposition 218 in which the landowners that would be specially benefited by the Services were provided by mail with notice of the proposed special assessment and public hearing and also provided the opportunity to complete a ballot as to whether the Agency should form the proposed LCMA Assessment District and levy the assessment;

WHEREAS, the Agency and the Assessment Engineer received various written comments regarding the Preliminary Engineer's Report during the ballot proceeding and Larsen Wurzel & Associates, Inc. has provided correspondence to the Agency dated June 8, 2023 addressing certain comments;

WHEREAS, as part of the assessment ballot proceeding, the Board of Directors of the Agency held a public hearing on June 8, 2023 at 6:00 PM in the San Joaquin County Board of Supervisors Chambers, San Joaquin County Administration Building, 44 North San Joaquin Street, 6th Floor, Stockton, California for the purpose of receiving comments on and protests to the proposed benefit assessment and for accepting new or changed ballots from specially benefited landowners; and

WHEREAS, during the public hearing, the Board of Directors of the Agency heard and considered all public comments.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Joaquin Area Flood Control Agency as follows:

1. **Recitals**. The above recitals are true and correct and are incorporated into this Resolution by this reference.

DRAFT

2. **Ballot Proceeding**. A total of _____ assessment ballots were returned and received prior to the close of the public input portion of the public hearing on June 8, 2023. Of the assessment ballots returned, _____ assessment ballots were deemed valid and _____ assessment ballots were declared invalid in that they were either not marked with a "Yes' or "No," were marked with both a 'Yes" and a 'NO,' were not signed, or for some other reason. In addition, ballots that were mutilated in such a way where the property ownership and barcode information was illegible or missing were excluded from the tabulation counts above.

3. **Ballot Tabulation**. The canvass of the assessment ballots submitted by property owners is complete and was certified by the Larsen Wurzel & Associates, Inc., and the votes cast were as follows:

Total Number of Valid Ballots Received: _____
Total LCMA Assessment Amount of Valid Ballots: _____

Total Number of Valid “Yes” Votes: _____
Total Weighted Value of “Yes” Votes: _____
Total Weighted Percentage of “Yes” Votes: _____

Total Number of Valid “No” Votes: _____
Total Weighted Value of “No” Votes: _____
Total Weighted Percentage of “No” Votes: _____

Total Number of “Invalid” Ballots: _____
Total LCMA Assessment Amount of “Invalid” Ballots: _____

After the ballots were weighted according to the proportional financial obligation of the affected property, the tabulation shows that _____% of the valid ballots were cast in support of the LCMA Assessment District formation. Since a majority protest, as defined by Article XIII D of the California Constitution, did not exist, the Board may levy the assessment as described in the Final Engineer's Report to pay the costs and expenses of the Services identified therein.

4. **Final Engineer's Report**. The Final Engineer's Report for the LCMA Assessment District, together with the diagram of the LCMA Assessment District contained therein, and the proposed Benefit and Assessment Roll for fiscal years 2023-24 contained therein, which Final Engineer's Report has been presented to the Board of Directors at this meeting and is incorporated herein by reference, are hereby confirmed and approved.

5. **Findings**. That based on the oral and documentary evidence, including the Final Engineer's Report, offered and received at the public hearing, the Board finds and determines that: (a) each of the several assessed lots and parcels of land within the LCMA Assessment District will be specially benefited by the Services (as described in the Final Engineer's Report) in at least the amount of the benefit assessment apportioned against such lots and parcels of land, respectively; and (b) there is substantial evidence to support, and the weight of the evidence is in favor of, this finding and determination as to special benefit to property within the LCMA Assessment District from the Services to be financed with assessment proceeds.

6. **LCMA Assessment District Formation**. The LCMA Assessment District is hereby formed, and assessments consistent with the Final Engineer's Report, as modified by successful appeals, are hereby levied, pursuant to the Act.

DRAFT

7. **Annual Levy of Assessments**. The first assessments to be levied on property in the LCMA Assessment District will be for fiscal year 2023-24 with authorized maximum assessment.

8. **Authorized Services**. The Services to be financed with assessment proceeds described in the Final Engineer's Report are hereby ordered.

9. **Maximum Assessment Adjustment per CPI**. As described in the Final Engineer's Report, to ensure that the Agency can provide the needed Services over time the Board of Directors of the Agency will have the authority, pursuant to Government Code Section 53739 (b), to levy the assessment within a designated range on an annual basis. The designated range will be from a minimum assessment, up to and including the authorized maximum assessment, as adjusted annually based on the CPI as described below.

Beginning in Fiscal Year 2024-25, the maximum authorized assessment may be increased subject to an annual inflationary escalator, based on the annual change in the Consumer Price Index February to February CPI-W for the San Francisco-Oakland-Hayward all Items, with Base Year 1982-84 = 100, published by the U.S. Department of Labor, Bureau of Labor Statistics, subject to a minimum of 0% and a maximum of 4% in any given year as described in Section 6 of the Final Engineer's Report.

10. **Filing of Map & Collection of Assessment**. SJAFCA staff is directed to file or cause to be filed the diagram of LCMA Assessment District, the Final Engineer's Report and a certified copy of this Resolution with the Auditor/Controller of San Joaquin County. Upon such filing, commencing in Fiscal Year 2023-24 and each year thereafter upon approval by the Board of Directors of the Agency, the County/Auditor Controller shall enter on the County tax roll opposite each lot or parcel of land in the LCMA Assessment District the amount of assessment thereupon as shown in the Final Engineer's Report and described in this Resolution. The benefit assessment shall be collected at the same time and in the same manner as County ad valorem taxes are collected and all laws providing for the collection and enforcement of County ad valorem taxes shall apply to the collection and enforcement of the assessments. After collection by the County Tax Collector, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to the Agency for the purposes of the LCMA Assessment District.

11. **Separate Fund Requirement**. The monies representing assessments collected shall be deposited in a separate fund or funds designated for the LCMA Assessment District. Amounts deposited to such fund(s) shall be expended only for the Services that specially benefit the lands within the LCMA Assessment District as described in the Final Engineers Report.

12. **Administrative Corrections**. The assessment, as it applies to any parcel, may be corrected, cancelled or a refund granted as appropriate, by order of the Board of Directors or by order of the Executive Director of the Agency. Any such corrections, cancellations or refunds shall be limited to current or future fiscal years and shall not be granted retroactively. The Agency may adopt, in the future, as the need arises, additional policies or procedures as needed to efficiently and effectively administer the LCMA Assessment District.

13. **CEQA Compliance**. The creation of the assessment funding mechanism is exempt from CEQA because it provides a funding mechanism in support of future actions which will be separately analyzed as projects under CEQA. Agency staff is directed to prepare and file or cause to be filed a Notice of Exemption to that effect with the proper office.

DRAFT

14. **Proposition 218 Compliance**. The assessment is in compliance with all laws pertaining to it, including Article XIII-D of the California Constitution (Proposition 218), and as described in the Final Engineers Report, the assessment is being levied without regard to property valuation.

PASSED, APPROVED AND ADOPTED this 15th day of June, 2023.

GARY SINGH, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

DRAFT

RESOLUTION NO. SJAFCA 23-16

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY APPROVING FINAL ENGINEER'S REPORT, FORMING THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT AND ORDERING LEVY OF ASSESSMENTS BEGINNING IN FISCAL YEAR 2023-24

WHEREAS, the San Joaquin Area Flood Control Agency (the "Agency") is a joint powers agency that was created in May 1995 between the City of Stockton ("Stockton"), San Joaquin County ("County") and the San Joaquin County Flood Control and Water Conservation District ("SJCFCWCD"), for the purpose of providing flood protection services for the City of Stockton and surrounding unincorporated areas of the County;

WHEREAS, in January of 2018 Stockton, the County, the SJCFCWCD, the City of Lathrop ("Lathrop"), and the City of Manteca ("Manteca") executed an Amended and Restated Joint Exercise of Powers Agreement to reform the Agency by adding Lathrop and Manteca as members;

WHEREAS, the SJCFCWCD maintains a system of 119 miles of flood control channels and 112 miles of flood control levees ("Project channels" and "Project levees," respectively) in accordance with agreements with the United States Army Corps of Engineers ("USACE") and the California Department of Water Resources ("DWR");

WHEREAS, the SJCFCWCD has determined that the costs to comply with these agreements and the standards associated with the requirements to operate, maintain, repair, rehabilitate, and replace (OMRR&R) Project levees and Project channels has increased beyond the current financial resources available to the area of the SJCFCWCD ("Zone 9") served by the Project channels and the Project levees;

WHEREAS, the SJCFCWCD, after completing an analysis of the budget and available resources for Zone 9 has determined that the most equitable and efficient approach to generating needed new resources is to form a new special benefit assessment district to levy assessments on those properties specially benefiting from flood conveyance maintenance services provided by the Project channels and Project levees;

WHEREAS, in 2009, the Agency partnered with the Central Valley Flood Protection Board ("CVFPB") and the USACE to study and evaluate ways to improve the region's flood risk, which resulted in the San Joaquin River Basin, Lower San Joaquin River, California Final Integrated interim Feasibility Report/Environmental Impact Statement/Environmental Impact Report ("Feasibility Study"), completed by the USACE in January 2018, which recommended a plan set forth within the Feasibility Study that was subsequently authorized by the United States Congress and signed into law under the Water Infrastructure Improvements for the Nation Act (Public Law 115-270) Title 1, Subtitle D, Section 1401(2), dated October 23, 2018;

DRAFT

WHEREAS, the recommended, Congressionally-authorized plan found in the Feasibility Study, referred to as the Lower San Joaquin River Project ("LSJRP"), consists of 23 miles of levee improvements and two closure structures;

WHEREAS, on September 30, 2020, the USACE, CVFPB and the Agency entered into a Project Partnership Agreement ("PPA"), which sets forth the requirements, obligations, and responsibilities of the Federal government and the Non-Federal sponsor ("NFS") with respect to the LSJRP, which NFS is defined in the PPA to include both CVFPB and SJAFCA, and also on September, 30, 2020, the CVFPB and the Agency entered into a Local Project Partnership Agreement that specifies the obligations of each of them related to the LSJRP, including CVFPB's and the Agency's commitment to contribute 24.5% and 10.5%, respectively, of the total estimated cost of the LSJRP;

WHEREAS, in October 2020, the Agency entered into contract with Willdan Financial Services to evaluate the feasibility of establishing an assessment district to fund the Agency's share of the projected cost of the LSJRP;

WHEREAS, in July 2022, the Agency and the SJCFCWCD executed a Memorandum of Understanding ("MOU") for the purpose of undertaking a combined assessment district formation process to fund both levee operation and maintenance as well as the Agency's cost share for the LSJRP;

WHEREAS, the Agency now plans to establish the Levee Construction and Maintenance Assessment District ("LCMA Assessment District") to fund the cost of constructing levee and flood control improvements incident to the LSJRP either directly or in partnership with the USACE, as well as costs of the operation and maintenance of levees and flood control facilities (collectively, the "Services");

WHEREAS, the Services will provide special benefits to certain parcels in North and Central Stockton and the surrounding area (collectively, the "Properties") within the proposed boundaries of the LCMA Assessment District;

WHEREAS, through the MOU, the Agency and SJCFCWCD have engaged the firm of Larsen Wurzel & Associates, Inc., to have a registered professional engineer certified by the State of California prepare a detailed Engineer's Report ("Engineer's Report") establishing a methodology to determine and assess the special benefits received by the Properties from the Services and to allocate the costs of the Services to the Properties in proportion to said special benefits;

WHEREAS, the proposed boundaries of the LCMA Assessment District area include all the Properties that receive special benefit from the Services, while excluding properties not receiving special benefits from the Services and any incidentally-benefited properties in adjacent areas;

WHEREAS, the Board of Director of the Agency has determined to undertake proceedings pursuant to the Benefit Assessment Act of 1982, Government Code section 54703 et. seq. ("Act") to establish the LCMA Assessment District and to levy assessments to pay costs of the Services for the Properties to be included within the LCMA Assessment District boundaries;

DRAFT

WHEREAS, on March 16, 2023, the Board of Directors of the Agency adopted Resolution No. 23-07, which:

- Proposed forming the LCMA Assessment District and levying a special benefit assessment;
- Identified the LCMA Assessment District's proposed boundaries;
- Preliminarily approved the Engineer's Report;
- Fixed the time of a public hearing to hear public comment on the proposed LCMA Assessment District and special benefit assessment; and,
- Directed the Agency's consultants and staff to undertake the procedural and approval processes including the mailing of notices and ballots which are necessary for the establishment of the LCMA Assessment District and levying of a special assessment proportional to the special benefits to be provided by the Services;

WHEREAS, also on March 16, 2023, the Board of Directors of the Agency adopted Resolution No. 23-08, which adopted Proposition 218 procedures to be followed in the implementation of the provisions of Proposition 218 relating to the proposed LCMA Assessment District (the "218 Procedures), and the 218 Procedures have been followed in connection with the activities directed by Resolution No. 23-07;

WHEREAS, during April, May and June of 2023 the Agency conducted an assessment ballot proceeding pursuant to Proposition 218 in which the landowners that would be specially benefited by the Services were provided by mail with notice of the proposed special assessment and public hearing and also provided the opportunity to complete a ballot as to whether the Agency should form the proposed LCMA Assessment District and levy the assessment;

WHEREAS, the Agency and the Assessment Engineer received various written comments regarding the Preliminary Engineer's Report during the ballot proceeding and Larsen Wurzel & Associates, Inc. has provided correspondence to the Agency dated June 8, 2023 addressing certain comments;

WHEREAS, as part of the assessment ballot proceeding, the Board of Directors of the Agency held a public hearing on June 8, 2023 at 6:00 PM in the San Joaquin County Board of Supervisors Chambers, San Joaquin County Administration Building, 44 North San Joaquin Street, 6th Floor, Stockton, California for the purpose of receiving comments on and protests to the proposed benefit assessment and for accepting new or changed ballots from specially benefited landowners; and

WHEREAS, during the public hearing, the Board of Directors of the Agency heard and considered all public comments.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Joaquin Area Flood Control Agency as follows:

1. **Recitals**. The above recitals are true and correct and are incorporated into this Resolution by this reference.

DRAFT

2. **Ballot Proceeding**. A total of 12,686 assessment ballots were returned and received prior to the close of the public input portion of the public hearing on June 8, 2023. Of the assessment ballots returned, 12,403 assessment ballots were deemed valid. Of the assessment ballots returned, 167 assessment ballots were declared invalid in that they were either not marked with a "Yes' or "No," were marked with both a 'Yes" and a 'NO,' were not signed, or for some other reason. Of the assessment ballots returned, 116 ballots were tabulated but then their initial tabulation was replaced through the receipt of a valid replacement ballot.

3. **Ballot Tabulation**. The canvass of the assessment ballots submitted by property owners is complete and was certified by the Larsen Wurzel & Associates, Inc., and the votes cast were as follows:

Total Number of Valid Ballots Received: 12,403
Total LCMA Assessment Amount of Valid Ballots: $1,912,587.76

Total Number of Valid “Yes” Votes: 7,044
Total Weighted Value of “Yes” Votes: $1,109,785.42
Total Weighted Percentage of “Yes” Votes: 58.03%

Total Number of Valid “No” Votes: 5,359
Total Weighted Value of “No” Votes: $802,802.34
Total Weighted Percentage of “No” Votes: 41.97%

Total Number of “Invalid” Ballots: 167
Total LCMA Assessment Amount of “Invalid” Ballots: $25,293.26

After the ballots were weighted according to the proportional financial obligation of the affected property, the tabulation shows that 58.03% of the valid ballots were cast in support of the LCMA Assessment District formation. Since a majority protest, as defined by Article XIII D of the California Constitution, did not exist, the Board may levy the assessment as described in the Final Engineer's Report to pay the costs and expenses of the Services identified therein.

4. **Final Engineer's Report**. The Final Engineer's Report for the LCMA Assessment District, together with the diagram of the LCMA Assessment District contained therein, and the proposed Benefit and Assessment Roll for fiscal years 2023-24 contained therein, which Final Engineer's Report has been presented to the Board of Directors at this meeting and is incorporated herein by reference, are hereby confirmed and approved.

5. **Findings**. That based on the oral and documentary evidence, including the Final Engineer's Report, offered and received at the public hearing, the Board finds and determines that: (a) each of the several assessed lots and parcels of land within the LCMA Assessment District will be specially benefited by the Services (as described in the Final Engineer's Report) in at least the amount of the benefit assessment apportioned against such lots and parcels of land, respectively; and (b) there is substantial evidence to support, and the weight of the evidence is in favor of, this finding and determination as to special benefit to property within the LCMA Assessment District from the Services to be financed with assessment proceeds.

6. **LCMA Assessment District Formation**. The LCMA Assessment District is hereby formed, and assessments consistent with the Final Engineer's Report, as modified by successful appeals, are hereby levied, pursuant to the Act.

DRAFT

7. **Annual Levy of Assessments**. The first assessments to be levied on property in the LCMA Assessment District will be for fiscal year 2023-24 with authorized maximum assessment.

8. **Authorized Services**. The Services to be financed with assessment proceeds described in the Final Engineer's Report are hereby ordered.

9. **Maximum Assessment Adjustment per CPI**. As described in the Final Engineer's Report, to ensure that the Agency can provide the needed Services over time the Board of Directors of the Agency will have the authority, pursuant to Government Code Section 53739 (b), to levy the assessment within a designated range on an annual basis. The designated range will be from a minimum assessment, up to and including the authorized maximum assessment, as adjusted annually based on the CPI as described below.

Beginning in Fiscal Year 2024-25, the maximum authorized assessment may be increased subject to an annual inflationary escalator, based on the annual change in the Consumer Price Index February to February CPI-W for the San Francisco-Oakland-Hayward all Items, with Base Year 1982-84 = 100, published by the U.S. Department of Labor, Bureau of Labor Statistics, subject to a minimum of 0% and a maximum of 4% in any given year as described in Section 6 of the Final Engineer's Report.

10. **Filing of Map & Collection of Assessment**. SJAFCA staff is directed to file or cause to be filed the diagram of LCMA Assessment District, the Final Engineer's Report and a certified copy of this Resolution with the Auditor/Controller of San Joaquin County. Upon such filing, commencing in Fiscal Year 2023-24 and each year thereafter upon approval by the Board of Directors of the Agency, the County/Auditor Controller shall enter on the County tax roll opposite each lot or parcel of land in the LCMA Assessment District the amount of assessment thereupon as shown in the Final Engineer's Report and described in this Resolution. The benefit assessment shall be collected at the same time and in the same manner as County ad valorem taxes are collected and all laws providing for the collection and enforcement of County ad valorem taxes shall apply to the collection and enforcement of the assessments. After collection by the County Tax Collector, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to the Agency for the purposes of the LCMA Assessment District.

11. **Separate Fund Requirement**. The monies representing assessments collected shall be deposited in a separate fund or funds designated for the LCMA Assessment District. Amounts deposited to such fund(s) shall be expended only for the Services that specially benefit the lands within the LCMA Assessment District as described in the Final Engineers Report.

12. **Administrative Corrections**. The assessment, as it applies to any parcel, may be corrected, cancelled or a refund granted as appropriate, by order of the Board of Directors or by order of the Executive Director of the Agency. Any such corrections, cancellations or refunds shall be limited to current or future fiscal years and shall not be granted retroactively. The Agency may adopt, in the future, as the need arises, additional policies or procedures as needed to efficiently and effectively administer the LCMA Assessment District.

13. **CEQA Compliance**. The creation of the assessment funding mechanism is exempt from CEQA because it provides a funding mechanism in support of future actions which will be separately analyzed as projects under CEQA. Agency staff is directed to prepare and file or cause to be filed a Notice of Exemption to that effect with the proper office.

DRAFT

14. **Proposition 218 Compliance**. The assessment is in compliance with all laws pertaining to it, including Article XIII-D of the California Constitution (Proposition 218), and as described in the Final Engineers Report, the assessment is being levied without regard to property valuation.

PASSED, APPROVED AND ADOPTED this 15th day of June, 2023.

GARY SINGH, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

DRAFT

San Joaquin Area Flood Control Agency

Levee Construction and Maintenance Assessment (LCMA)

FINAL ENGINEER'S REPORT

SAN JOAQUIN COUNTY

Greatness grows here.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

San Joaquin Area Flood Control Agency

Date: June 15, 2023

Table of Contents

1. Introduction 1
Background 1
Purpose of this Engineer's Report 6
Report Organization 6
2. Authority and Process 8
3. Proposed Services 10
Services Funded by the Proposed Assessment 10
Levee O&M Services 10
Levee Capital Services 10
Delta Front: 10
North Stockton: 11
Central Stockton: 11
4. Financing And Funding Plan 12
Annual Budget for Levee O&M Services 12
Budget for Zone 9 Project Levee O&M 12
Budget for LSJRP Levee O&M 14
Financing Plan for Levee Capital Services 16
Initial LSJRP Cost Estimate 16
Cost Sharing 17
Smith Canal Gate 19
LERRDs 19
Project Implementation Timing 19
Assessment Timing 20
Bond Plan 20
Cash Flow Analysis 20
Total Estimated LCMA Budget 20
5. Assessment Methodology 22

General Discussion 22
Requirements of Proposition 218 22
Special Benefits vs. General Benefits 22
Assessment Boundary 24
Hydraulic Analyses Performed to Support the Assessment Methodology 24
Levee Breach Analysis for Levee O&M Services on Zone 9 Project levees 24
Levee Breach Scenarios for Levee Capital Services on LSJRP and 100-year Accreditation Assurance . 25
Assessment District Boundary Diagram 27
Accounting for Uncertainty in the Breach Analysis Results 28
Assessment Apportionment Methodology 28
Property Characteristics 31
Land Use Categories 31
Parcel Size 33
Average Structure Size per Land Use Type 34
Levee Capital and O&M Benefit Units 34
Levee O&M Benefit Units 34
Minimum OBU within Zone 9 34
Relative Land Damage Rate per Acre 36
Structure Damage Rate 36
Levee Capital Benefit Units 36
Minimum flood depth 36
Relative Land Damage Rate per Acre 41
Structure Damage Rate 41
SCAAD Factor 41
Equivalent Levee Benefit Unit (LBU) 41
General Benefits 43
Thoroughfare Damages Calculation 43
Federal Properties 43
Evaluation of Funding Sources for General Benefit 46
Proposed Special Benefit Assessment Calculation 46

Example Parcel Assessment 46
Summary of Assessments 48
Special Considerations 48
Public Parcels 48
Multiple Use Parcels 48
Minimum Assessment Amount 48
Application of the Assessment Boundary to Parcels 50
Updating the Annual Assessment Roll 50
6. Assessment Administration 51
Schedule for Collection 51
Assessment Revenue Distribution 51
Appeals of Assessments Levied to Property 51
Impact of Appeals 52
Duration of the Assessment 52
Annual Escalation of the Assessments 52
7. Conclusions 54
Example Assessment Calculations 56

List of Tables

Table 1 Levee O&M Services Budget for Zone 9 - FY 2023/24 13
Table 2 Levee Capital Services Incremental O&M Budget for LSJRP Features 15
Table 3 Lower San Joaquin River Project Base Budget 18
Table 4 Assessment District Budget - FY 2023/24 21
Table 5 Representative Levee Lengths 26
Table 6 Summary of Assessed Property Characteristics 32
Table 7 Average Structure Size per Acre 35
Table 8 Relative Land Damage Rate 37
Table 9 Structure Replacement Value and Depth Damage 38
Table 10 Contents Replacement Value and Depth Damage 39
Table 11 Summary of Resulting Levee Benefit Units 40
Table 12 Protected Throughfares 44
Table 13 Thoroughfare General Benefit Calculation 45
Table 14 Initial Proposed Assessment Rate Calculation – FY 2023/24 47
Table 15 Summary of Proposed FY 2023/24 Assessments by Land Use Category 49
Table 16 Assessment Parcel Equations and Example Calculations 55

List of Figures

Figure 1 Zone 9 Levees and Channels 2
Figure 2 Lower San Joaquin River Project 4
Figure 3 FEMA Shaded Zone X "Protected by Levee" Area 5
Figure 4 Combined USACE 100-year Floodplain and FEMA Shaded Zone X 29
Figure 5 LCMA Assessment Boundaries and Benefiting Parcels 30
Figure 6 Smith Canal Area Assessment District Boundary 42

Appendices

Appendix A: *KSN, Technical Memorandum, LCMA, Incremental O&M Costs LSJRP, February 23, 2023*

Appendix B: *LCMA Cash Flow and Financing Analysis*

Appendix C: *R&F, Technical Memorandum, LCMA, Floodplain Analysis, March 16, 2023*

Appendix D: *Assessment District Boundary Diagram*

Appendix E: *San Joaquin County Use Codes & Assessment Land Use Categories*

Appendix F: *List of Parcels & FY2023/24 Assessment Roll*

1. INTRODUCTION

Background

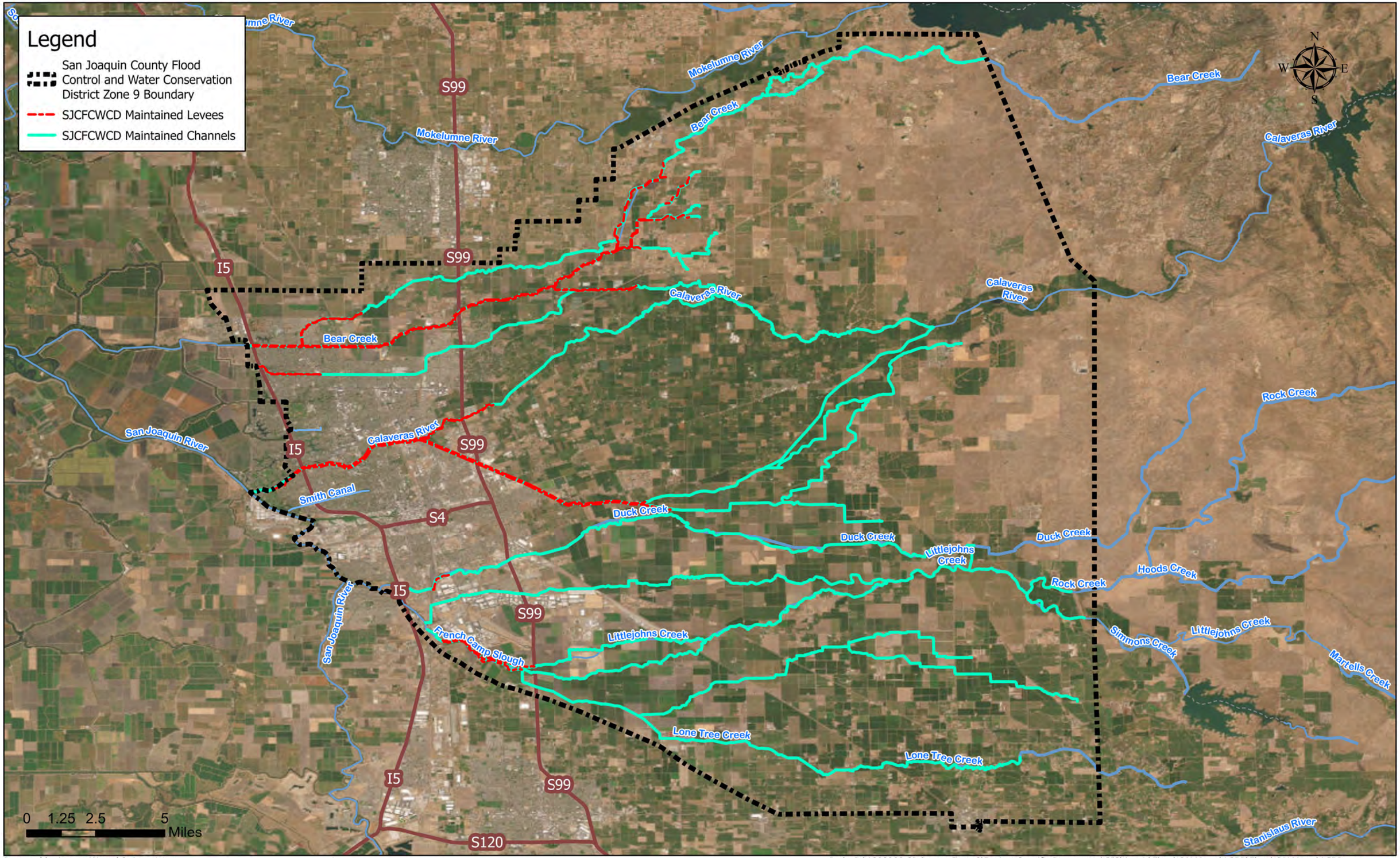
The San Joaquin County Flood Control and Water Conservation District (SJCFCWCD) was formed in 1956 to plan, construct, operate, and maintain flood control, water supply, drainage, and groundwater recharge projects. On December 19, 1961, the San Joaquin County Board of Supervisors created Flood Control Zone No. 9 (Zone 9) to provide maintenance of existing channels, levees, and associated structures **(Figure 1)**. SJCFCWCD Zone 9 currently maintains 119 miles of Project Channels and 112 miles of Project Levees[1] in accordance with agreements with the U.S. Army Corps of Engineers (USACE) and the California Department of Water Resources (DWR). Zone 9 also contains approximately 152 miles of non-project channels and 3 miles of Non-Project Levees maintained by SJCFCWCD as resources allow. Zone 9 is currently funded by a combination of property assessments and a small allocation of property taxes. The current property assessments include the Zone 9 Flood Control Benefit Assessment established in 1988 and an assessment levied by the San Joaquin Area Flood Control Agency (SJAFCA) established in 1996.

SJAFCA is a Joint Powers Authority (JPA) formed in 1995 between the City of Stockton, San Joaquin County, and SJCFCWCD with the initial goal of restoring a 100-year level of flood protection to the greater Stockton metropolitan area. In February 1995 the Federal Emergency Management Agency (FEMA) issued preliminary Flood Insurance Rate Maps (FIRMs) that placed a majority of the greater Stockton metropolitan area within a Special Flood Hazard Area (SFHA). To prevent the SFHA designation from becoming effective, the JPA parties recognized that a coordinated regional effort was needed. SJAFCA was formed to plan, design, and construct a suite of projects that became known collectively as the Flood Protection Restoration Project (FPRP). The FPRP consists of flood wall and levee improvements along 40 miles of existing levees, 12 miles of new levees, modifications to 24 bridges, and the construction of two major detention basins and pump stations. To fund construction and provide for the long-term operation and maintenance (O&M) of the FPRP, SJAFCA formed an Assessment District No. 96-1 (AD 96-1) in 1996. The completed FPRP is operated and maintained by SJCFCWCD on behalf of SJAFCA using funds generated by AD 96-1. In November 2017, SJAFCA expanded to include the Cities of Lathrop and Manteca to address the requirements of Senate Bill 5.

After significant flood damage from hurricanes Katrina and Sandy, as well as other major storms, State and Federal policies were adjusted effectively creating more stringent levee maintenance requirements. The new requirements have increased necessary levee maintenance efforts resulting in increased O&M costs. The current funding sources described above have not been sufficient to provide for the increased maintenance efforts causing both SJAFCA and Zone 9 to rely on reserve funds to maintain Project Levees. In addition, support from SJAFCA is needed by SJCFCWCD to ensure that obligations associated with the FPRP are complied with and flood protection levels are maintained consistent with the increasingly stringent regulatory requirements.

[1] Project levees are those facilities that are part of the State Plan of Flood Control as defined by the 2010 State Plan of Flood Control Descriptive Document, Central Valley Flood Management Planning Program, November 2010.

Figure 1: Zone 9 Levees and Channels



Additionally, in response to the aforementioned policy changes, in 2009, SJAFCA partnered with the Central Valley Flood Protection Board (CVFPB) and the USACE to study and evaluate ways to improve the region's flood risk. This resulted in the San Joaquin River Basin, Lower San Joaquin River, CA Final Integrated interim Feasibility Report/Environmental Impact Statement/Environmental Impact Report (Feasibility Study), completed by the USACE in January 2018[2]. The recommended plan contained within the Feasibility Study was subsequently authorized by Congress and signed into law under the Water Infrastructure Improvements for the Nation Act (Public Law 115-270) Title 1, Subtitle D, Section 1401(2), dated October 23, 2018.

Implementing the plan defined in the Feasibility Study is expected to reduce flood risk to 122,000 people, over 80,000 structures, and $28.7 billion in property. USACE uses benefit-to-cost ratios for feasibility study implementation plan recommendations. In this case, the study resulted in a benefit-to-cost ratio of 7.0, meaning that for every dollar invested in the flood risk reduction project, the region receives seven times that in economic benefit. Additionally, implementation of the Feasibility Study's recommendations is expected to reduce expected annual damages within north and central Stockton by 83 percent.

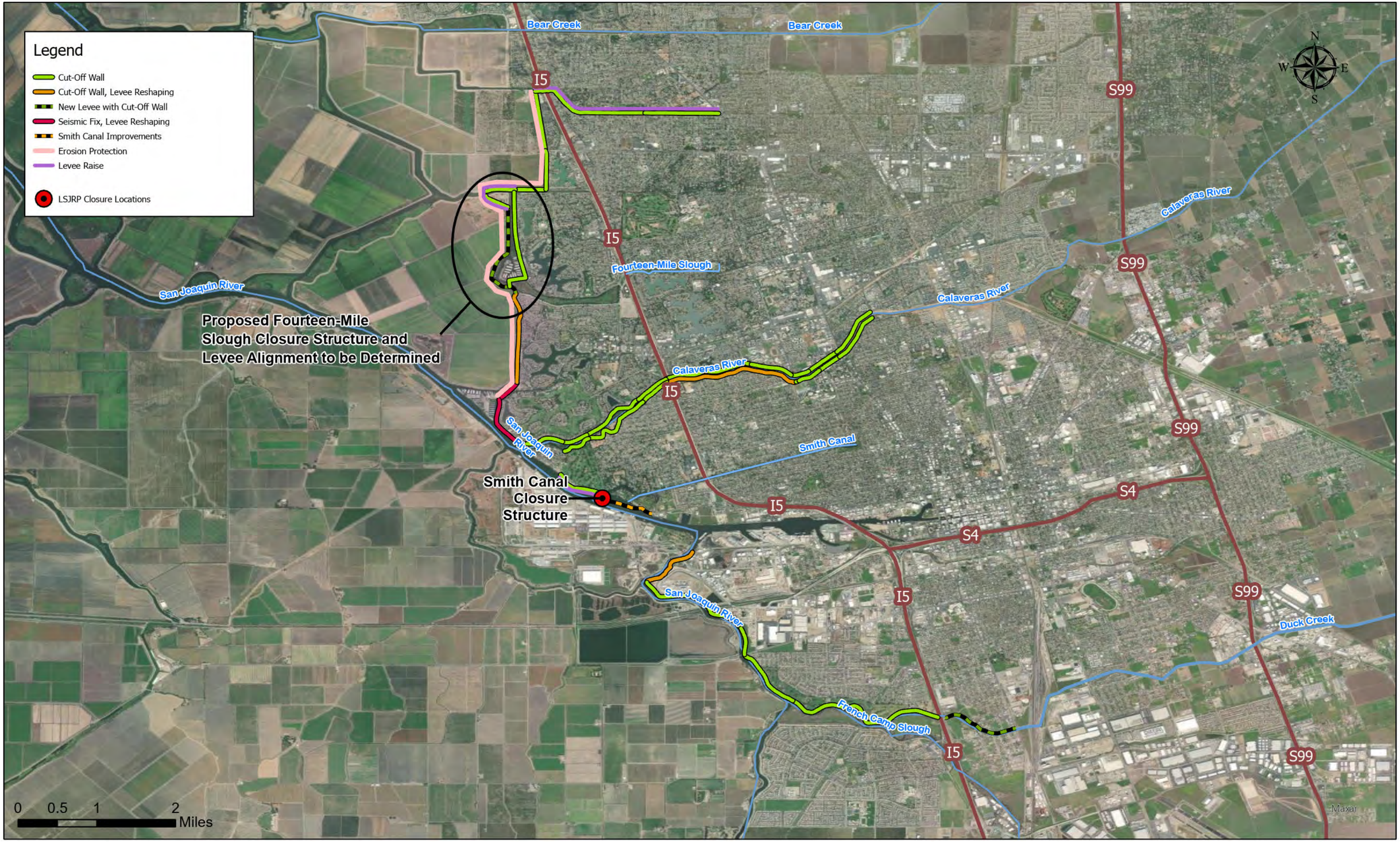
The Congressionally authorized recommended plan found in the Feasibility Study, referred to as the Lower San Joaquin River Project (LSJRP) consists of 23 miles of levee improvements and two closure structures (**Figure 2**). Construction at one of those closure structures, the Smith Canal Gate, was advanced early by SJAFCA and is a critical component of the implementation and funding approach as defined in this Engineer's Report.

After the Feasibility Study authorization, the USACE, CVFPB and SJAFCA entered into a Project Partnership Agreement (PPA) on September 30, 2020, which defines the requirements, obligations, and responsibilities of the Federal government and the Non-Federal Sponsor (NFS), which is defined as both CVFPB and SJAFCA. The CVFPB and SJAFCA entered into a Local Project Partnership Agreement (LPPA) on September 30, 2020, that specifies the obligations of each party; this includes CVFPB's and SJAFCA's commitment to contribute 24.5% and 10.5%, respectively, of the total project cost.

However, the LSJRP improvements do not improve all FEMA Accredited Levees providing protection to North and Central Stockton. **Figure 3** shows the area designated by FEMA as Shaded Zone X (FEMA Shaded Zone X). The FEMA Shaded Zone X area is the area of the accredited levee system currently designated by FEMA as protected by levees from a 100-year flood. To ensure long-term accreditation and keep up with increasing regulatory requirements and engineering standards, SJAFCA will need to complete additional capital project planning, engineering, design, and implementation of projects to FEMA Accredited Levees. Ensuring continued long-term accreditation becomes more important as the impacts of flood frequency and severity worsen over time, as the system reaches its useful life, and as regulatory compliance standards become more stringent.

[2] https://www.spk.usace.army.mil/Portals/12/documents/civil_works/lower_sj_river/final_eis-eir/01_San%20Joaquin%20River%20Basin%20Lower%20San%20Joaquin%20River_CA%20FINAL%20IIFR_EIS_EIR.pdf?ver=2018-02-01-184425-453

Figure 2: Lower San Joaquin River Project [1]

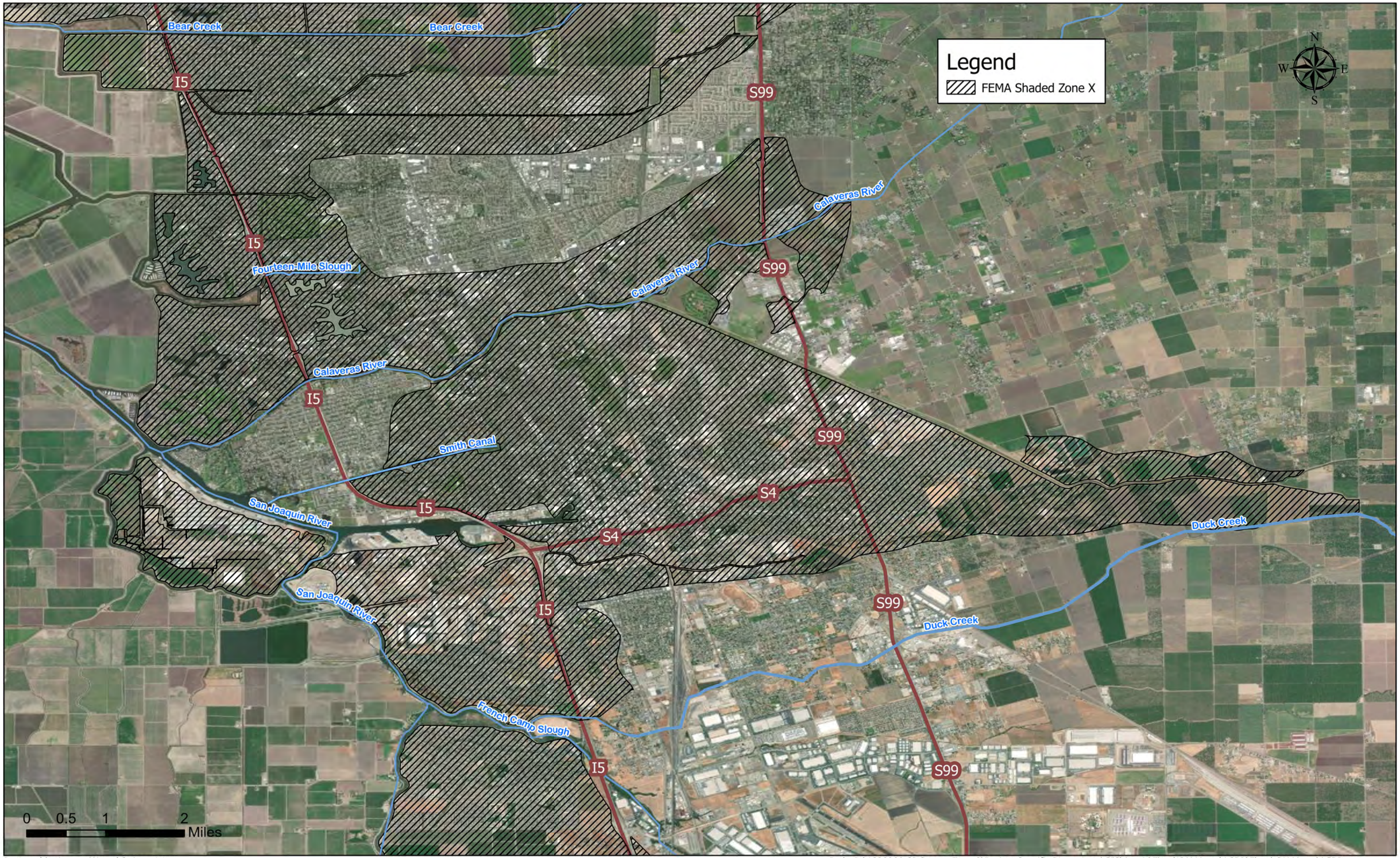


Prepared by Larsen Wurzel & Associates Path: P:\1808000 SJ County Zone 9\Project Specific Documents\GIS\Arcgis\Flood CALM and LSRP\Flood CALM and LSRP.aprx

Source: U.S. Army Corps of Engineers, San Joaquin River Basin, Lower San Joaquin River, CA, Integrated Interim Feasibility Report/Environmental Impact Statement/Environmental Impact Report, Figure 8-1, January 2018, as modified by LWA.

[1] The LSJRP, as shown, can or may be modified to achieve the same functional equivalent benefits as contemplated by the current authorized Project.

Figure 3: FEMA Shaded Zone X



To address the funding for the activities described above, SJAFCA and SJCFCWCD jointly investigated a strategy for generating additional revenue to provide funding for levee capital improvements and O&M services. A formal arrangement for the joint investigation and implementation of a new special benefit assessment was memorialized in an MOU between the two agencies in July 2022. The result of the coordinated effort is the Levee Construction and Maintenance Assessment (LCMA or Proposed Assessment) described further within this Engineer's Report.

Purpose of this Engineer's Report

This Engineer's Report describes, in detail, the methodology for levying an assessment upon parcels that receive special benefit from the LCMA Services as defined within this Engineer's Report. In combination with the Zone 9 Flood Control Benefit Assessment, property tax revenues allocated to SJCFCWCD Zone 9, and SJAFCA's AD 96-1 Assessment, this assessment is intended to provide sufficient funding for:

1. Annual O&M services necessary to maintain SJCFCWCD Zone 9 Project levees, establish a reserve fund to support routine repairs, rehabilitation, and replacement of the infrastructure, and O&M services associated with the LSJRP capital improvements.
2. Capital improvements within the greater Stockton area as defined in the LSJRP and other system improvements to ensure long-term compliance and accreditation of the FEMA accredited levees.

Report Organization

This report is divided into seven sections with tables and a section for figures as well as five appendices, all described further below.

Section1 provides the background, purpose of this Engineer's Report, and describes the report's organization.

Section 2 outlines the authorization and process for imposing the Proposed Assessment.

Section 3 details the services to be funded by the Proposed Assessment.

Section 4 describes the financing and funding plan for LCMA Services.

Section 5 details the methodology for levying an assessment that is proportional to the special benefits received by each parcel assessed.

Section 6 describes how the annual assessment administered process.

Section 7 Provides the special benefit findings and certification by the Assessment Engineer as required by Article XIIID Section 4 (b) of California Constitution.

Appendix A provides a technical memorandum prepared by Kjeldsen, Sinnock & Neudeck, Inc. (KSN) that describes the incremental cost to operate and maintain the LSJRP levees.

Appendix B provides the financial plan cash flow model for the Capital Services funded by the Proposed Assessment.

Appendix C provides a technical memorandum prepared by R&F Engineering (R&F) that describes the supporting floodplain analyses utilized as part of special benefit analysis.

Appendix D provides the Assessment District Boundary Diagram

Appendix E provides the list of the County Assessor's use codes and identifies the assignment of Land Use Categories for use as part of the assessment methodology described herein.

Appendix F provides the list of parcels by reference to assessor parcel number (APN) subject to the Proposed Assessment as well as a schedule of the proposed assessment amounts for FY 2023/2024 (the initial maximum annual assessment roll for assessment balloting purposes).[3]

[3] The proposed Assessment Roll included with **Appendix F** is reflective of the Record Owners of parcels as defined by Government Code 53753 (j) which is based upon the last equalized secured property tax assessment roll. The last equalized secured property tax assessment roll of San Joaquin County prior to the mailing of the notice is the 2022 roll (as of lien date July 1, 2022). The 1st year of the assessments collection will be fiscal year 2023/24 and thus reflective of July 1, 2023 equalized secured property tax assessment roll. SJAFCA will be responsible for applying the assessment methodology described in this Engineer's Report to the 2023 roll and updating the roll presented in **Appendix F** for the levy of the assessment in fiscal year 2023/24.

2. AUTHORITY AND PROCESS

The Levee Construction & Maintenance Assessment (LCMA) would be imposed by SJAFCA pursuant to the authority of Government Code §54703 – 54719, the Benefit Assessment Act of 1982 (1982 Act), and consistent with the requirements of Article XIIID of the California Constitution[4] (Proposition 218), Government Code §53750 et. seq. (Proposition 218 Omnibus Implementation Act). Specifically, Government Code §54710(a) of the 1982 Act authorizes SJAFCA to levy an assessment to fund the Operations & Maintenance (O&M) costs for levees. Furthermore, under Government Code §54710.5, the assessment may include the cost of installation and improvement of the levees. As further detailed herein, the Proposed Assessment will fund levee construction, a portion of the annual cost of levee O&M, as well as create a reserve for routine repairs, rehabilitation, and replacement of the levees.

Government Code §54711, requires that:

1. The amount of the assessment imposed on any parcel be related to the benefit received by the parcel;
2. The aggregate amount of the assessment not exceed the estimated annual cost of providing the service; and
3. The revenue derived from the assessment be used only for the services identified as the basis for assessment.

In addition, all special benefit assessments must also comply with Proposition 218 and the Proposition 218 Omnibus Implementation Act. These requirements outline the process for imposing the Assessment, including the requirement that this Engineer's Report document the special benefits conferred by the service provided, the process for imposing the Assessment, and property owner approval through a balloting process.

This Engineer's Report has been prepared to:

1. Contain the information required pursuant to Government Code §54716(a), including;
    a. a description of the services proposed to be financed through the revenue derived from the Assessment;
    b. a description of each lot or parcel of property to be subject to the Assessment;
    c. the amount of the Proposed Assessment for each lot or parcel;
    d. the basis of the Assessment; and,
    e. the schedule of the Assessment;
2. Determine the special benefits from the services received by benefiting properties; and,
3. Assign a method of apportioning the Proposed Assessment to benefiting parcels.

Following submittal of this report to the SJAFCA Board of Directors (Board) for preliminary approval, the Board may, by resolution, call for an assessment ballot proceeding and public hearing on the establishment of the Proposed Assessment.

[4] Article XIIID of the California Constitution is a portion of the California constitution added by Proposition 218 that addresses the requirements of benefit assessments and is applicable here.

If the Board approves such a resolution, the SJAFCA staff will initiate the notice, protest, and hearing procedure required by Government Code §54716 and Article XIIID. A notice and assessment ballot will be mailed to property owners within the Proposed Assessment boundary. Such notice will include a description of the services to be funded, the total Proposed Assessment amount, the Proposed Assessment amount for each parcel owned, the duration of the Proposed Assessment, an explanation of the method of voting, and the name and telephone number of the person designated by the Board to answer inquiries regarding the Proposed Assessment and ballot proceeding process. Each notice will specify the date, time, and place of the public hearing and a summary of the ballot return procedures. Each notice will include a ballot upon which the property owner can vote for approval or disapproval of the Proposed Assessment and affix his or her signature. Finally, each notice will include an official postage prepaid security envelope in which the ballot must be returned.

The balloting and notice period will extend for a minimum of 45 days. Government Code 53750 (i) deems that notice is given and the 45-day period commences upon the deposit of the notice and ballot with the United States Postal Service. On the last day of the balloting period, the public hearing will be held for the purpose of receiving public testimony from property owners regarding the Proposed Assessment. Property owners will have the opportunity to provide testimony to the Board and submit their ballots at the public hearing, however, in order to be included within the tabulation, all ballots must be submitted prior to the close of the public hearing. At the public hearing, and at any time prior to the close of the public hearing, property owners may also revise previously submitted ballots.

If the votes received in favor of the Assessment, weighted by the proportional financial obligation of the properties for which the ballots are submitted, outweigh the votes received opposing the Assessment, then the Board may continue with the formation of the Proposed Assessment district, the process of imposing the Proposed Assessment and its future levy. If the assessments are so confirmed and approved by the Board, the Assessment roll will be submitted to the San Joaquin County Auditor Controller for inclusion on the secured property tax rolls or may be directly billed by SJAFCA to the property owner for the Assessment pursuant to Government Code §54718. As outlined in Government Code §53739, the Board may levy the Assessment in future years without conducting a new ballot proceeding so long as the Assessment is within the stated inflation-adjusted Assessment Rate authorized by the original balloting proceeding.

3. PROPOSED SERVICES

Services Funded by the Proposed Assessment

The services to be funded by the Proposed Assessment include:

1. Levee O&M Services: O&M services are required to ensure that the design level of flood protection is maintained over time for Zone 9 Project Levees maintained by SJCFCWCD, LSJRP levees, and other levees improved in the future by SJAFCA. As footnoted in the **Introduction**, Project Levees are those facilities that are part of the State Plan of Flood Control. LSJRP levees are those built as part of the Federally authorized LSJRP as further defined under the **Levee Capital Services** section below.
2. Levee Capital Services: All work associated with the planning, design, implementation and construction of the LSJRP and other future capital improvements completed within the benefit area that ensure continued FEMA accreditation of levees providing 100-year protection into the future.

Levee O&M Services

Levee O&M Service activities may include, but are not limited to, levee inspections and evaluations, debris removal that restricts flow or damages the system, vegetation removal and control, rodent control, levee patrols, levee road resurfacing, erosion protection material replacement, flood fighting, and embankment repair. In addition, Levee O&M Services also includes all activities associated with maintaining the current level of flood protection received by benefiting properties. These activities include compliance with any existing permits, obtaining new permits, permit enforcement, removal of encroachments, coordination with State and Federal floodplain regulators and policy makers, and coordination and reporting activities that ensure compliance with FEMA, DWR, and USACE standards. These services will be performed by SJAFCA and/or local maintaining agencies, including SJCFCWCD. These agencies may utilize SJAFCA resources or other contractors to support Levee O&M Services with funding from the Proposed Assessment.

In addition to the regular on-going O&M services, the proposed assessment will also provide adequate reserves to support routine repair, rehabilitation, and replacement of levees and appurtenant facilities.

Levee Capital Services

Levee Capital Services activities include the local contribution to the Federally authorized LSJRP and other capital improvement planning, design, and construction efforts along the flood protection system to support long-term FEMA accreditation of levees providing 100-year protection to North and Central Stockton.

The LSJRP consists of 23 miles of levee improvements and two closure structures. Construction at one of those closure structures, the Smith Canal Gate (SCG), was advanced early by SJAFCA and is a critical component of the implementation and funding approach defined in this Engineer's Report. The 23 miles of levee improvement as described in the Feasibility Study currently include:

Delta Front:

- 2.05 miles of fix-in-place improvements with soil-bentonite cutoff walls of various depths with 2.5 miles of geometry improvements.
- 1.1 miles of seismic fixes along two segments of Tenmile Slough.

- 1.33 miles of new setback levee along the Delta Front to eliminate the eastern portions of the Fourteenmile Slough levee.
- 0.59 miles of height improvements between 1.8 and 2.7 feet on the Delta Front.
- 5 miles of erosion protection.
- Control structure on Fourteenmile Slough.

North Stockton:

- 9.4 miles of fix-in-place improvements with soil-bentonite cutoff walls of various depths.
- 2.03 miles of height improvements between 1.4 and 1.6 feet in North Stockton.

Central Stockton:

- 9.2 miles of fix- in-place improvements with soil-bentonite cutoff walls of various depths.
- 2 miles of levee geometry improvements along one segment of the Calaveras River and one segment of the San Joaquin River.
- 0.53 miles of height improvements of 1.8 feet.
- 0.75 miles of new levee with soil-bentonite cutoff wall on Duck Creek to address flanking of flood waters from South of Central Stockton.
- 0.28 miles of height improvements of 4 feet on the RD 404 levee.
- Control structure at Smith Canal with 0.2 miles of floodwall.

As the USACE, the CVFPB, and SJAFCA advance implementation of the LSJRP, the final configuration of the improvements may be refined consistent with the intent of the original authorization or any future changed authorization by Congress. The Levee Capital Services are intended to provide the flood protection benefits of the authorized project in its final configuration. In addition, any required project mitigation or permitting requirements of the project are included within the Levee Capital Services.

Capital improvements along other portions of the system for the purposes of ensuring the long-term FEMA accreditation may include feasibility studies, analyses, field investigations, engineering, design, and construction. Efforts have not yet been defined in detail for this work. Should the Proposed Assessment be approved, these efforts will be further investigated and defined over the coming years.

4. FINANCING AND FUNDING PLAN

The financing and funding plan is based on an estimated annual budget for the Levee O&M Services as well as an estimated budget and financing plan for the LSJRP and other necessary capital improvements. Levee O&M Services include both the SJCFCWCD Zone 9 Project Levee O&M as well as the incremental additional Levee O&M associated with LSJRP and related improvements; however, the budget for the incremental O&M associated with the LSJRP are accounted for within the financing plan analysis for Levee Capital Services as further described below.

Annual Budget for Levee O&M Services

The annual budget for Levee O&M Services has been estimated in two parts. First, the County's Public Works Department, in coordination with SJAFCA, prepared an updated budget for the SJCFCWCD, Zone 9 Project levees. Second, Kjeldsen, Sinnock & Neudeck, Inc (KSN) prepared an incremental O&M budget estimate for the levees improved by the LSJRP (**Appendix A**). The intent is that the incremental O&M budget for the LSJRP would supplement funds from local maintaining agencies who currently operate and maintain the existing levee system to ensure that the benefits received by the Levee Capital Services can be maintained into the future.

The budget for Levee O&M Services represents the current expectation of Fiscal Year (FY) 2023/24 costs based on both historical expenses and anticipated changes over the life of the assessment. It should be noted that the budget was developed for the purpose of determining the annual revenue required for the Proposed Assessment based on the increased costs SJCFCWCD has experienced associated with performing O&M of Zone 9 Project Levees and based on KSN's experience operating and maintaining levees in the region. Future annual budgets approved by the Board may vary from year to year according to actual anticipated expenses and revenues.

Budget for Zone 9 Project Levee O&M

Table 1 provides a summary of the estimated FY 2023/24 budget. This budget takes into consideration the required level of currently unfunded O&M services associated with Project levees in conjunction with the available revenues described further below.

SJCFCWCD estimates that the required total cost of O&M is $5,954,000. This estimate includes the following services: O&M, ongoing engineering support, State & Federal coordination, administration, auditing & compliance, and the legal and insurance burden associated with all services SJCFCWCD provides for Zone 9 facilities. The existing revenues available to support O&M services total $4,470,000 and are provided by the current Zone 9 Flood Control Benefit Assessment, ad valorem property taxes received by the SJCFCWCD for Zone 9, and the SJAFCA AD 96-1 Assessment. The net difference, or shortfall, is $1,484,000. This shortfall is associated with the additional costs of providing the required level of Levee O&M Services for Zone 9 Project levees.

Table 1
Levee Capital and Maintenance Assessment (LCMA)
Levee O&M Services Budget for Zone 9 - FY 2023/24

Budget Item / Category	FY 2023/24 Budget
Operations & Maintenance [1]	$5,426,000
Ongoing Engineering Support	$70,000
State & Federal Coordination (Certifications, Policy & Funding)	$305,000
Administration, Auditing & Compliance	$65,000
Legal & Insurance Burden on Services	$88,000
Subtotal Annual Services Budget	**$5,954,000**
Current Zone 9 Assessment (Government Code 56901)	($2,716,000)
Zone 9 Ad Valorem Tax Apportionment	($850,000)
SJAFCA AD 96-1 (Government Code 57594)	($904,000)
Total Current Funding Sources	**($4,470,000)**
Net equals Budget for Levee O&M Services	**$1,484,000**

[1] Includes Labor, Equipment, Supplies, Materials, Repair & Replacement for Equipment and Mitigation.

Source: San Joaquin County Public Works Dept. and SJAFCA

The current Zone 9 Flood Control Benefit Assessment is utilized by the SJCFCWCD to fund the O&M of Project Levees within Zone 9. Ad valorem property taxes, which come from a portion of the County's base 1% of net assessed value property taxes apportioned to Zone 9 of SJCFCWCD, are also used to fund Project Levee O&M services. Finally, the SJAFCA AD 96-1 is an existing assessment for parcels with the SJAFCA service area to fund O&M of the FPRP. Revenue from AD 96-1, collected by SJAFCA, is utilized to contract for services provided by SJCFCWCD on behalf of SJAFCA for the O&M of those Project Levees improved as part of the FPRP.

The Proposed Assessment will be utilized to fund the increase in cost associated with Levee O&M Services. The budget presented in **Table 1** reflects the budget for the O&M of Zone 9 Project related Levees and Channels. As costs have increased over the years, SJCFCWCD has been required to prioritize the limited resources to those areas with the greatest risk in terms of life safety and flood damages. The assessment revenues and property taxes described above have generally been fully expended on Project Channels and Levees. Even with full expenditure of revenues on Project facilities, including depletion of reserve funding, essential maintenance for Project facilities is currently being deferred until additional funding is available. The Proposed Assessment will provide the SJCFCWCD with additional resources needed to address the increased cost of Levee O&M Services.

Budget for LSJRP Levee O&M

Table 2 provides a summary of the estimated budget for incremental O&M of the LSJRP levees. This is the increase in the estimated costs to O&M the levees to the standards required by USACE once the LSJRP is turned over to the NFS. A portion of this estimate was prepared by KSN through an evaluation of current local maintaining agency resources and estimated cost of levee O&M upon the completion of improvements (**Appendix A**). The total budget for the components of the LSJRP evaluated by KSN is $425,340 escalated to January 2023. SJAFCA has also worked as part of the implementation of the Smith Canal Gate Project to estimate the cost of ongoing O&M of the gate facility. This amount is expected to be similar to the O&M of a second gate structure at 14-Mile Slough. The cost to O&M both gates is expected to be $700,000 (in January 2023 $'s) therefore the total incremental O&M is expected to be $1,125,341. Because these costs are incurred as the LSJRP capital improvements are completed over time, the incremental O&M costs for each completed element has been incorporated into the financing plan for levee capital services, described below.

Table 2
Levee Capital and Maintenance Assessment (LCMA)
Levee Capital Services Incremental O&M Budget for LSJRP Features

Budget Item / Category	Estimated Budget [1]
Mosher Slough	$20,840
Shima Tract	$17,475
Fivemile Slough	$4,291
Fourteenmile Slough	$138,403
Tenmile Slough	$31,973
Calaveras River - Right	$42,783
Calaveras River - Left	$43,072
San Joaquin River	$40,717
French Camp Slough	$18,317
Duck Creek	$67,470
Smith Canal Gate [2]	$350,000
Fourteenmile Slough Structure [2]	$350,000
Capital Project	**$1,125,341**

[1] Budget as of January 2023 and utilized as part of cash flow and financing plan analysis found in Appendix B.

[2] Estimated based on SCAAD budget for O&M of the SCG

Source: KSN Memo and SCAAD Engineer's Report

Financing Plan for Levee Capital Services

To determine the annual funding requirements necessary to fund the SJAFCA share of new facility capital costs and the associated incremental O&M, LWA prepared a financing plan including a cash flow analysis. The financing plan incorporates several assumptions, such as initial cost estimates, cost sharing, SJAFCA project delivery responsibilities, implementation timeline, cost escalation, SJAFCA and State advancement of the Smith Canal Gate, and bonding. These costs are described further below. Importantly, this model incorporates the incremental O&M cost of the LSJRP levee system as the O&M responsibility and funding requirements are layered in over time as project features are completed and turned over the NFS for O&M.

Initial LSJRP Cost Estimate

Project cost estimates, including contingency values, are derived from the Feasibility Study "first cost" estimate of $1,070,309,000 (2017 price levels). These values serve as the basis for the escalated costs utilized in the financing plan. Because this cost estimate was based on feasibility level information with limited information on or consideration for prior analyses of the levee system, several assumptions associated with the estimate were modified, as described herein, to prepare a realistic, reasonable, and fiscally prudent base cost.

The Feasibility Study was performed under USACE's 3x3x3 paradigm: defined as a study requiring no more than three years, with no more than three million dollars, and undergoing three levels of concurrent review. USACE contrived this concept to streamline and accelerate feasibility analyses, but it has resulted in some unintended consequences.

Detailed and informative analyses were often left for the design phase of a project, resulting in overly conservative project cost estimates, assuming worst-case design conditions. Indeed, during the feasibility study phase, existing information about the levee system performed by the State of California's Urban Levee Evaluation (ULE) that could have helped reduce the cost estimate went partially unused, and conservative assumptions were instead used.

For example, during the feasibility study phase, several reaches were identified as requiring a higher level of improvement than those identified from the ULE work. This resulted in higher estimated costs and higher contingencies. Although individual features were not analyzed in detail to determine specific reductions in program costs, several elements were identified as requiring much less robust re-build. These include the improvements near Brookside and Mosher Slough.

Further, recent cost projections of Ten Mile Slough, which is currently designed and awaiting environmental clearances, are now projected to come in below those prepared in the 2017 feasibility estimates. Further, comparing USACE cost-estimates to actual bid costs for over a dozen flood projects being implemented in the Sacramento area demonstrates that USACE estimates are always significantly conservative. In most cases, a conservative cost estimate is beneficial for future planning and helps minimize long-term financial risk; however, several principles of SJAFCA's program are to be financially frugal with local funding and not raise more money from property owners than will be required. SJAFCA also notes that USACE is required by statute to regularly develop new costs estimates, and such estimates have a tendency to fluctuate wildly based on

market conditions, but these updated estimates do not generate actionable information until such time as USACE incorporates the use of actual site conditions. As such, SJAFCA has decided to program funding on the lower side of the "first cost" range (i.e., lower contingency).

SJAFCA has prepared several contingency plans to mitigate for any cost increases. These include leveraging other funding sources or locally leading future phases of design and construction.

There are other funding sources that may come to fruition over the next decade. These may be used to offset upfront bond financing and/or mitigate for future increased costs. SJAFCA is currently coordinating with other flood agencies to leverage their existing, excess in-kind credit. These inter-basin credit transfers require close coordination with USACE for approval as they would be applied to the NFS's cost share, and they require negotiation on the amount. While the actual cost of these credits is not yet known, they would only be sold/purchased at a discount, and therefore they will "generate" additional resources for the program. Secondly, SJAFCA is seeking credit for its prior work on Mosher Slough that would directly offset cost sharing obligation to USACE. These efforts could result in $5-$10 Million of local funding applicable toward the local cost share of the LSJRP.

It is also feasible that SJAFCA could receive a higher state-local cost share for work on this project. Although the current cost share (70%-30%) is generous, other areas within California have seen a higher than 70% state share. For example, an additional 10% State cost share would result in a 33% reduction in the local funding match.

Additionally, in close coordination with USACE, SJAFCA could lead design and construction of one or more project features. Throughout the valley, locally led projects have been completed on Federal levees, resulting in cost savings from the initial USACE estimate. However, the precise features, extents, and expected saving remain uncertain and can't be quantified at this time.

The feasibility study estimates a "first cost" of $1.070 Billion (2017 price levels, not escalated) or estimated at $1,385 Billion in the PPA (fully escalated over time). This estimate includes a 38% contingency. For the reasons described above, SJAFCA is preparing this program estimate with 23% contingency (a 15% reduction), resulting in an initial cost of approximately $910 Million (**Table 3**), for use in the financing plan which escalates cost over the project implementation timeline.

Cost Sharing

As previously discussed, the LSJRP is Federally authorized and led. The USACE, DWR, and SJAFCA entered into a PPA defining the cost share obligations of USACE and the NFS. DWR and SJAFCA then entered into an LPPA, defining the cost sharing obligations between the NFSs. The Federal cost share is 65%, DWR cost share is 24.5%, and SJAFCA's cost share is 10.5%.

SJAFCA's cost share funding will come in the form of 1) cash contributions, 2) In-kind contributions (IKC) for work at Smith Canal and any other approved credit for work performed by the NFS, and 3) lands, easements, rights-of-way, relocations, and disposal areas (LERRDs) purchases. NFS cash contributions are estimated in the financing plan after accounting for LERRDs and IKC estimates.

Table 3
Levee Capital and Maintenance Assessment (LCMA)
Lower San Joaquin River Project Base Budget

Budget Item / Category	Cost Share	$2017 Costs [1]
Land and Damage		$68,555,900
Relocation		$72,250,000
Fish and Wildlife		$60,268,400
Levees and Floodwalls		$481,609,150
Floodway Control and Diversion Structure		$45,205,550
Planning, Engineering, Design		$123,165,850
Construction management		$58,708,650
Capital Project		**$909,763,500**
Federal	65.0%	$591,346,275
State	24.5%	$222,892,058
Local Share [2]	**10.5%**	**$95,525,168**

[1] Cost estimate used from 2018 Feasibility Study, based on Oct 1, 2017 price levels, USACE "First Cost", with adjusted contingency to 23%; Utilized as part of financing plan found in Appendix B.

[2] Local share simply based on "first cost" percent obligations, not accounting for credit from local work completed (e.g. Smith Canal Gate)

Source: San Joaquin Area Flood Control Agency and U.S. Army Corps of Engineers

Smith Canal Gate

SJAFCA and DWR are delivering the Smith Canal Gate (SCG) project as advanced work that directly supports the overall LSJRP. USACE recognizes this as IKC, and it is assumed all costs will be recognized and attributed toward the NFS cost sharing requirements. For the purposes of the cash flow financing plan for the LSJRP, the assumed creditable cost of the SCG project is $96.8 Million. It is assumed that upon review of project expenditures, USACE would approve credit in this full estimated amount. The $96.8 Million estimate is reflected in the total project cost for the purposes of calculating cost share percentages. It is also used as IKC to offset immediate NFS cash contribution requirements.

The costs of the SCG project have been funded from a combination of grant funding provided to SJAFCA by DWR and local funding from SJAFCA generated by the Smith Canal Area Assessment District (SCAAD). If the LCMA is approved by property owners and the assessment district if formed by the SJAFCA Board, the following actions would take place:

- Assessments authorized to be levied by the SCAAD would cease to be levied. In other words, the LCMA would supplant the SCAAD.
- The current outstanding bonds issued by SJAFCA to finance the local share of the project, which are secured by SCAAD assessment revenues would be redeemed by SJAFCA. See **Bond Plan** discussion below.

To account for and recognize the Levee Capital Services benefits provided to date by the SCAAD assessments, an adjustment factor has been applied to the properties located within the SCAAD. See **SCAAD Factor** discussion below.

LERRDs

LERRDs are a line-item estimate in the Feasibility Study and the timing and amounts of LERRDs purchases are incorporated into the financing plan. LERRDs have been escalated based on current project implementation assumptions as defined here and estimated at approximately $210 Million.

Project Implementation Timing

Project implementation timing has been revised from the initial estimates prepared for the Feasibility Study by USACE. The sequence of reach implementation and start timing has been updated to reflect recent project developments (including status of design efforts as of mid-2022, Federal funding commitments, and available personnel and project team resources).

Given the status of this program and timelines of similar programs in the Central Valley, the estimated time to project completion used for this engineer's report is twenty years. Therefore, the LSJRP expenditures associated with construction continue into 2043 and may extend for several years to complete financial and project close-out with USACE and DWR.

Cost estimates are escalated in alignment with the estimated reach delivery timelines. LWA utilized construction cost escalation of 2.4%, based on the average annual growth rate from 2010 to 2020 from the Department of General Services (DGS) California Construction Cost Index (CCCI). This analysis excludes 2020-

present, which reflects the effects from aftermath of COVID-19 years and the current inflationary environment in favor of reflecting a longer-term average construction escalation over the entire period of the project.

Assessment Timing

The first year of assessment collection would occur in FY 2023/24. The duration of the capital component of the assessment is assumed and is to be authorized for 30 years from a final bond issuance, which is expected to take place in 2038.

Bond Plan

Based on the project implementation timeline, cash contributions to USACE, and the redemption of the outstanding SCAAD Assessment Revenue bonds, SJAFCA plans to issue bonds secured by LCMA assessment revenues as soon as feasible after the formation of the Assessment District. The timing of the project implementation dictates the timing and amount of bond financing versus pay-go revenues to cover expected costs. The next bond issuance is expected to occur in 2033. The financing plan currently assumes that annual assessment district revenues and IKC would cover much of the cost outlays and funding match to USACE. A third and final bond issuance would occur in 2038. The financing plan assumes that each bond issuance would be structured as a conventional 30-year financing and to be paid from annual assessment collections.

Cash Flow Analysis

A cash flow analysis was developed in quarterly periods for years 2022 through 2049, however, is presented in annual periods here. The cost projections were spread over time as described above. The financing plan assumes an initial assessment need of $6.2 Million beginning in FY 2023/24 for Capital Services. The initial Capital Services budget includes the LSJRP costs, District operational soft costs to deliver LSJRP, defeasance of the existing SCAAD bonds, as well as the incremental O&M required to support this project long-term. The initial O&M assessment need is $1.125 Million (2022) and is assumed to continue in perpetuity. The assessment is assumed to be escalated annually based on the Consumer Price Index (CPI-W) for San Francisco-Oakland-Hayward, CA. For purposes of the cash flow analysis, escalation of the assessment was assumed to be 2.4% annually. Upon final payment of bonds and completion of the LSJRP, the capital portion of the annual assessment is assumed to end.

The financing and funding plan is detailed in the cash flow shown in **Appendix B**.

Total Estimated LCMA Budget

The total LCMA budget combines the FY2023/24 O&M budget for Zone 9 Project levees and the resultant capital FY2023/24 budget developed in the cash flow and financing plan analysis. These budgets are summarized in **Table 4** and result in a total estimated LCMA FY 2023/24 budget of **$7,684,000**.

Table 4
Levee Capital and Maintenance Assessment (LCMA)
Assessment District Budget - FY 2023/24

Budget Item / Category	FY 2023/24 Budget
Levee O&M Services Budget [1]	$1,484,000
Levee Capital Services Budget	$6,200,000
Total Budget [2]	**$7,684,000**

[1] Includes Labor, Equipment, Supplies, Materials, Repair & Replacement for Equipment and Mitigation.

[2] Assessment can be escalated annually, according to CPI-W San Francisco-Oakland-Hayward, not to exceed 4% (Reference Section 6, Annual Escalation of the Assessments)

Source: San Joaquin County Public Works Dept. and SJAFCA

5. ASSESSMENT METHODOLOGY

General Discussion

Requirements of Proposition 218

To levy an assessment for a property related service such as flood control, Proposition 218 has certain substantive requirements that the local agency must comply with. The local agency must:

- Separate the general benefits provided by service(s) from the special benefits conferred on a parcel;
- Identify the parcels that have special benefits conferred on them by the facility and/or service;
- Calculate the proportionate special benefit for each parcel in relation to the entirety of the benefits provided by capital and O&M services being funded;
- Apportion the costs of services to each parcel that receives special benefit in relation to that proportion; and
- Ensure that the total assessment levied does not exceed the reasonable cost of the proportionate special benefit conferred on each parcel.

Special Benefits vs. General Benefits

Proposition 218 requires any local agency proposing to increase or impose a special assessment to "separate the general benefits from the special benefits conferred on a parcel." (Cal. Const. art. XIIID §4). The rationale for separating special and general benefits is to ensure that property owners are not charged a special benefit assessment in order to pay for general benefits provided to the properties or general public at large. Thus, a local agency carrying out a project that provides both special and general benefits may levy an assessment to pay for the special benefits but must acquire separate funding to pay for the general benefits.[5]

A special benefit is a particular and distinct benefit over and above the general benefits conferred on real property located within the agency's boundary or to the public at large. The total cost of the services must be apportioned among the properties being assessed based on the proportionate special benefit the properties will receive. Moreover, the governmental agency must demonstrate through a balloting process that the ballots submitted in opposition to the assessment do not exceed the ballots submitted in favor of the assessment, weighted according to the proportional special benefit and financial obligation of the affected properties.

Because flood control work has an obvious indirect relationship to the provision of general benefits and may, upon first blush, appear to be general benefits, the issue of general benefits merits further discussion. For example, the facilities to be funded by the assessment will protect parks that are used by people regardless of whether they own property within the floodplain or not (the general public). But this indirect relationship does not mean that these facilities or services will themselves provide any general benefits. Rather, they will provide special benefits to all parcels within the floodplain, including special benefits to public parcels (such as parks) that are themselves used in the provision of general benefits.

[5] *Silicon Valley Taxpayers' Assn., Inc. v. Santa Clara County Open Space Authority*, (2008) 44 Cal. 4th 431, 450.

More to the point, the public at large will be paying for the special benefits provided to public property, and specially benefited property owners' assessments will not be used to subsidize general benefits provided to the public at large or to property outside the district. All property that is specially benefited will be assessed, including schools, parks and other parcels used in the provision of general benefits. Assessing agencies are required to assess and levy the assessment on all specially benefited property, including publicly owned property, within the assessment district.[6] Thus, the general public will pay for the provision of flood control services because the assessed public agencies within the assessment district will use general taxes or other revenues to pay their assessments.

In this instance, the Levee Capital and O&M Services provide both a general benefit to the public at large and a special benefit to those properties located within the boundaries of the Proposed Assessment by virtue of preventing flood waters due to uncontrolled flood from collecting on or flowing over a parcel and causing damages as a result of inundation. The special benefits provided by the services have been calculated for all parcels within the boundaries of the Proposed Assessment. The boundaries of the proposed district consists of only those parcels within the levee protected area.

The special benefit provided to each parcel varies based on the relative avoided damage from flooding. The relative avoided flood damages are based on an uncontrolled flood resulting from a breach along the levee system. The avoided flood damages are a function of parcel size, land use and the depth of flooding from each breach scenario, and, for Levee O&M services, the length of levee represented by each breach.

As noted above, special benefits are those "particular and distinct over and above general benefits conferred on real property located in the district or to the public at large." Cal. Const. art. XIIID §2(i). By contrast, general benefits provided to the public at large could be discussed in terms of general enhanced property values, provision of general public services such as police and fire protection and recreational opportunities that are available to people regardless of the location of their property. *See e.g.*, Cal. Const. art. XIIID §§2(i), 6(2)(b)(5); *Silicon Valley Taxpayers*, 44 Cal. 4th 431. 450–56. In this case, general benefits can be identified as the ability to move through and across the benefited area. The following considerations were evaluated to distinguish the general benefits by the Levee Capital and O&M Services.

Public Property

The Levee Capital and O&M Services will protect certain public properties (e.g., government buildings, schools, and parks). While the use of these public properties is a general benefit, the public properties themselves are protected by the flood protection system and receive a special benefit from the Levee Capital and O&M Services in the same manner as private property. All public properties have been included in the determination of special benefit, as described in more detail under the Assessment Apportionment Methodology below. With the exception of Federal Properties, there is no general benefit for Non-Federal public properties to be funded by the Proposed Assessment because the public properties will be assessed based on the special benefit received. As discussed further below, Federal properties are exempt from paying

[6] Reference Cal. Const. art. XIIID §4(a) with respect to the requirement to assess and *Manteca Unified School District v. Reclamation District No. 17 (2017) 10 Cal.App.5th 730* with respect to the requirement to levy.

an assessment levied by a local agency. While the special benefit and associated assessment is calculated without consideration of the Federal property exemption, the lost revenue cannot be reapportioned to assessed property owners. Therefore, the Levee Capital and O&M Services provide a general benefit by protecting federally owned property against flood damages, and the lost assessment revenue must be funded by other revenue sources.

Local Streets and Collectors

The Levee Capital and O&M Services will protect certain local streets and collectors. These roads are primarily used to access properties, as opposed to thoroughfares discussed separately below. The boundary of the Proposed Assessment has been narrowly drawn to include only those properties receiving special benefit from Levee Capital and O&M Services. Therefore, the benefit from Levee Capital and O&M Services to local streets and collectors is captured by assessing the properties they serve – as these roads have no value but in providing access to the specially benefitted parcels, and protecting these roads is a means to provide special benefit to these parcels.

Thoroughfares

The Levee Capital and O&M Services will also protect certain thoroughfares within the boundary of the Proposed Assessment. These roads are distinct from local streets and collectors in that these roads serve as primary transit routes within, through and across the community. These roads are used by the public at large regardless of residency, destination, or purpose. Therefore, the protection of these thoroughfares provides a general benefit that must be separated from the special benefit conferred on parcels by the Proposed Assessment and cannot be funded by the Proposed Assessment. Further discussion supporting the quantification and separation of this general benefit from the special benefit is provided below.

Assessment Boundary

The Proposed Assessment Boundary encompasses all properties that receive a special benefit from Levee Capital and O&M Services. Properties receiving special benefit from the Levee O&M Services were identified through the flood breach analyses prepared by R&F Engineering (R&F). Properties receiving special benefit from the Levee Capital Services were identified from a combination of floodplain mapping sources. The analyses completed by R&F have been documented and incorporated into this Engineer's Report by reference and attached as **Appendix C**.

Hydraulic Analyses Performed to Support the Assessment Methodology

Levee Breach Analysis for Levee O&M Services on Zone 9 Project levees

To determine the avoided flood damages as a result of the Levee O&M Services on the Zone 9 Project levees, as described in **Appendix** C, R&F utilized an existing levee breach analysis that evaluated 72 different breach scenarios along the SJCFCWD Zone 9 Project levees. The resulting floodplain from each breach was overlaid on the San Joaquin County Geographic Information System (GIS) parcel shapefile to determine the average flood depth and area of flooding for each individual parcel for each breach scenario. The resulting average flood depth was used as one of the inputs to the USACE Depth-Damage functions to calculate avoided flood damage. R&F also identified the length of levee represented by each breach to apportion avoided flood

damages across the project levee reaches maintained by Zone 9. The representative levee lengths can be found in **Table 5**. To account for the situation where a Project levee was maintained by an agency other than SJCFCWCD, the portion of that reach of levee maintained by others was subtracted from the representative levee length. As a result, a 1.4-mile portion of levee along the Calaveras River maintained by Reclamation District 2074 was removed from the representative levee length associated with the CSR R1 breach analysis. R&F's hydraulic analysis included a channel overtopping scenario to determine flood depths with no levee breaches when the channels and levees overtop when their capacity is reached. As the channel overtopping is not prevented by Levee O&M services, this additional scenario presented in R&F's analyses was not utilized in the analysis of special benefits.

Levee Breach Scenarios for Levee Capital Services on LSJRP and 100-year Accreditation Assurance

Properties receiving special benefit from the Levee Capital Services (and associated incremental levee O&M for the LSJRP) were identified using a combination of floodplain mapping that included:

- The 100-year composite without project floodplain based on breaches of levees to be improved by the LSJRP[7];
- The FEMA Shaded Zone X area within north and central Stockton; and,
- Additional hydraulic modeling showing the extent of the inundation from breaches of upstream FEMA Accredited Levees prepared by R&F.

To determine the avoided flood damages as a result of the Levee Capital Services from the improvements to the levee system associated with the LSJRP and FEMA Accredited levees, the Assessment Engineer utilized the without project floodplain mapping from the Feasibility Study as well as the floodplain mapping for breaches of FEMA accredited levees. The Feasibility Study does not define one single protection level but looks at levee assurances at a suite of flood scenarios, including the 100-year event. For the purpose of this Engineer's Report, the Assessment Engineer determined that the USACE's 100-year mapping best represents the level of service provided by the improved project and provides an appropriate comparison to the FEMA Shaded Zone X area. A composite without-project floodplain map, utilizing USACE floodplain mapping data, was prepared to identify the specific area benefiting from the improvements of LSRJP Project levees. To determine the extent of the floodplain for properties benefiting from FEMA Accredited levees, next, the Assessment Engineer overlaid the composite floodplain from breaches along FEMA Accredited levees prepared by R&F Engineering. This designated the extent of the area benefiting from Levee Capital Services for FEMA Accredited Levee. Because different sources of floodplain mapping were combined, the floodplain mapping associated with the FEMA Accredited levee breaches was only utilized to inform the extent of the benefit area from Levee Capital Services, not the depth of flooding for the purpose of calculating avoided flood damages.

[7] As noted above, floodplain mapping for these breaches is based on hydraulic modeling completed by the USACE. Reference the USACE Feasibility Study.

Table 5
Levee Capital and Maintenance Assessment (LCMA)
Representative Levee Lengths

Breach name	Levee Length (Miles)	Breach name	Levee Length (Miles)
Brc L10	2.3563	**Lmh R1**	1.9343
Brc L11	0.4907	**Mhc L1**	0.4615
Brc L13	0.5117	**Mhc L2**	1.3213
Brc L14	1.2882	**Mhc R1**	2.4343
Brc L2	2.7578	**Mhd L1**	0.7099
Brc L3	0.9300	**Mns L1**	0.8855
Brc L4	1.2738	**Mns L2**	1.3696
Brc L5	0.6320	**Mns R1**	0.8117
Brc L6	0.8283	**Mns R2**	1.5242
Brc L7	0.4238	**Mpc L1**	0.4808
Brc L8	0.9540	**Mpc L2**	0.9664
Brc L9	1.6391	**Pca L1**	0.8861
Brc R1	1.4009	**Pdc L1**	0.4747
Brc R10	0.8685	**Pdc L2**	0.7654
Brc R11	1.5526	**Pdc R1**	0.4658
Brc R12	0.5926	**Pdc R3**	0.8128
Brc R13	1.1358	**Pdc R6**	1.3186
Brc R14	1.1888	**Pxs L1**	1.5965
Brc R3	2.0168	**Pxs L2**	0.8936
Brc R4	1.1972	**Pxs R1**	0.3875
Brc R5	0.6819	**Pxs R2**	1.2298
Brc R6	1.1045	**Pxs R3**	0.9059
Brc R7	1.0703	**Sdc L1**	0.7090
Brc R8	0.3499	**Sdc L2**	0.8142
Brc R9	1.4818	**Sdc L3**	0.4382
Csr L1	3.1824	**Sdc L4**	0.9177
Csr L2	1.7846	**Sdc L5**	0.6785
Csr L3	2.6353	**Sdc L6**	0.6670
Csr R1	2.4215	**Sdc L7**	0.5747
Csr R2	1.0034	**Sdc R3**	2.8152
Csr R3	0.9816	**Sdc R4**	0.8204
Csr R4	1.4676	**Sdc R5**	1.1742
Csr R5	1.0943	**Spc L1**	0.8003
Fcs L1	2.8398	**Spc R1**	0.3657
Fcs R1	3.1873	**Wrs L1**	0.8674
Lmh L1	1.9767	**Wrs R1**	0.2602

Source: Appendix C - Assessment District Floodplain Analysis, DATE, prepared by R&F.

The Assessment Engineer considered all of this floodplain mapping to develop and designate the area receiving benefit from Levee Capital Services. **Figure 4** superimposes these three floodplain mapping sources and identifies the boundary of the area receiving benefit from Levee Capital Services.

Assessment District Boundary Diagram

All of the mapping sources have been combined to identify the overall area of benefit from Levee Capital and O&M Services. **Figure 5** identifies the designated boundaries of the Levee Capital and O&M Services as well as the overall Proposed Assessment Boundary. The official Assessment District Boundary Diagram is included within **Appendix D**.

Because the Proposed Assessment Boundary does not align with parcel boundaries and parcel boundaries can change over time, a process for regularly determining those parcels within the boundary subject to the assessment is warranted. (Reference

Application of the Assessment Boundary to Parcels below, for further discussion.)

Accounting for Uncertainty in the Breach Analysis Results

To account for the uncertainty associated with the hydraulic modeling assumptions, the difference in modelling tools leveraged (i.e., R&F analysis vs. USACE analysis vs. FEMA maps), and the accuracy of underlying LiDAR data used to generate the floodplains from each breach scenario (for R&F analysis), all flood depths were rounded down to the nearest foot. This rounding down of flood depths also accounts for the affects that any elevation variation within an individual parcel would have on shallow flooding. Further, given the uncertainty of flood depths and assumptions, for any parcel that is flooded based the analyses conducted or the review of the three flood mapping sources, the Assessment Engineering assigned a minimum flood depth of one foot.

The R&F hydraulic model used a standardized approach of calculating the floodwaters from the levee breach on a 250-foot square (1.4 acre) grid pattern and reporting the average depth for each grid block. Based on this grid block size, multiple parcels may reside within a single grid block, or a single parcel may span multiple grid blocks. Therefore, for parcels that are partially flooded along the boundary of the floodplain from a levee breach, the level of accuracy for the area of flooding for these parcels is uncertain. To account for this uncertainty, flood damages were excluded for parcels along the fringe of the boundary with less than 95% of their boundary within Levee Capital and O&M Service Boundary.

Assessment Apportionment Methodology

The methodology for apportioning the Proposed Assessment to each parcel in the Proposed Assessment District is based first on quantifying the total benefits received, in terms of benefit units, by each parcel from the Levee Capital and O&M Services and then second, separating the General Benefits from the Special Benefits, then third, determining each parcel's proportionate share of total benefits received, again in terms of benefits units, and finally allocating the Proposed Assessment, in terms of dollars to each parcel based upon its proportionate share of total benefit units. Through this approach, each parcel's share of the total Proposed Assessment would be equivalent to its proportionate share of benefit received from the Services. Because the General Benefits have been separated from the Special Benefits and only the Special Benefits are assessed to parcels the requirement of Proposition 218 have been met.

Figure 4: Floodplain Mapping supporting Capital Services Benefit Area

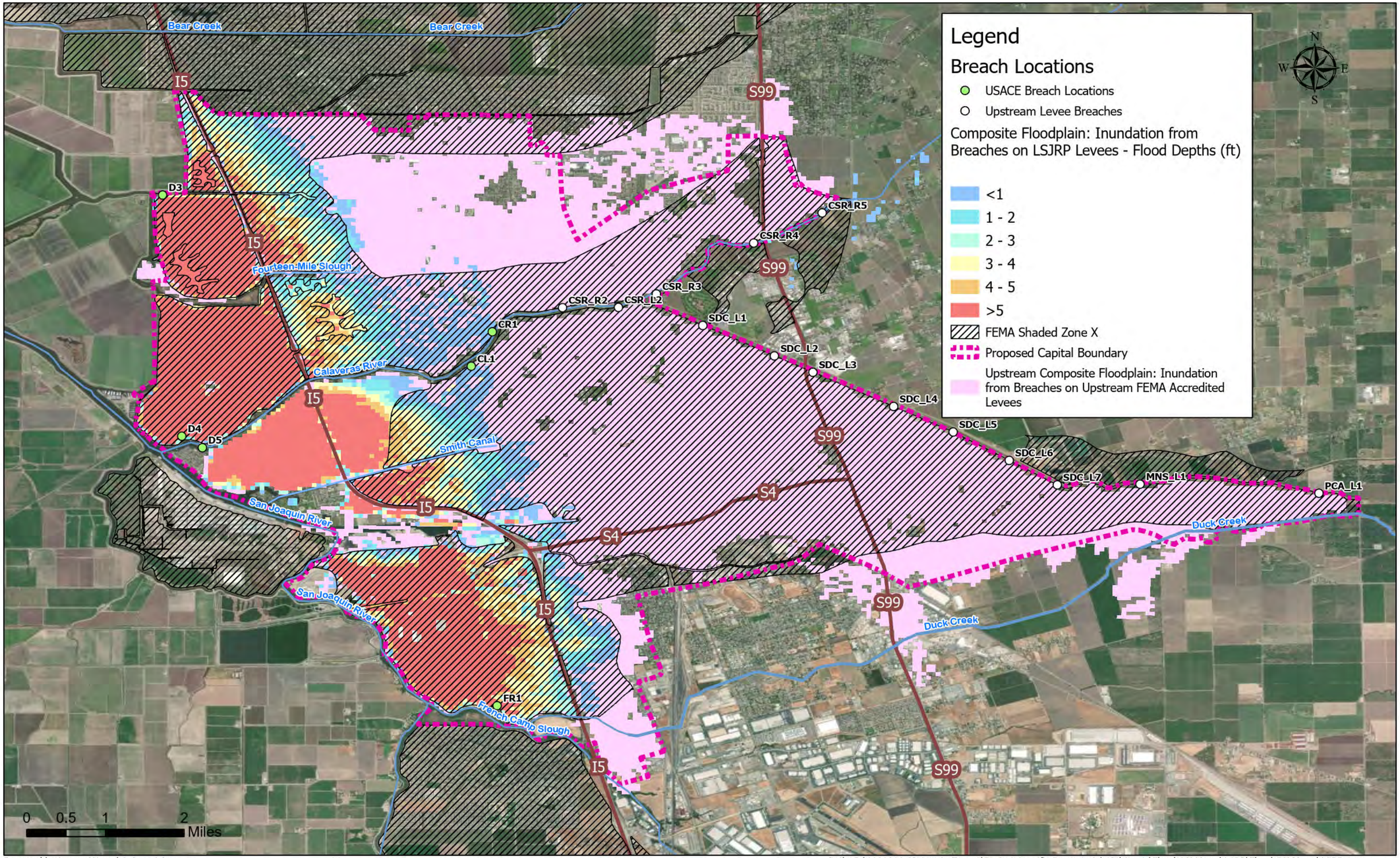
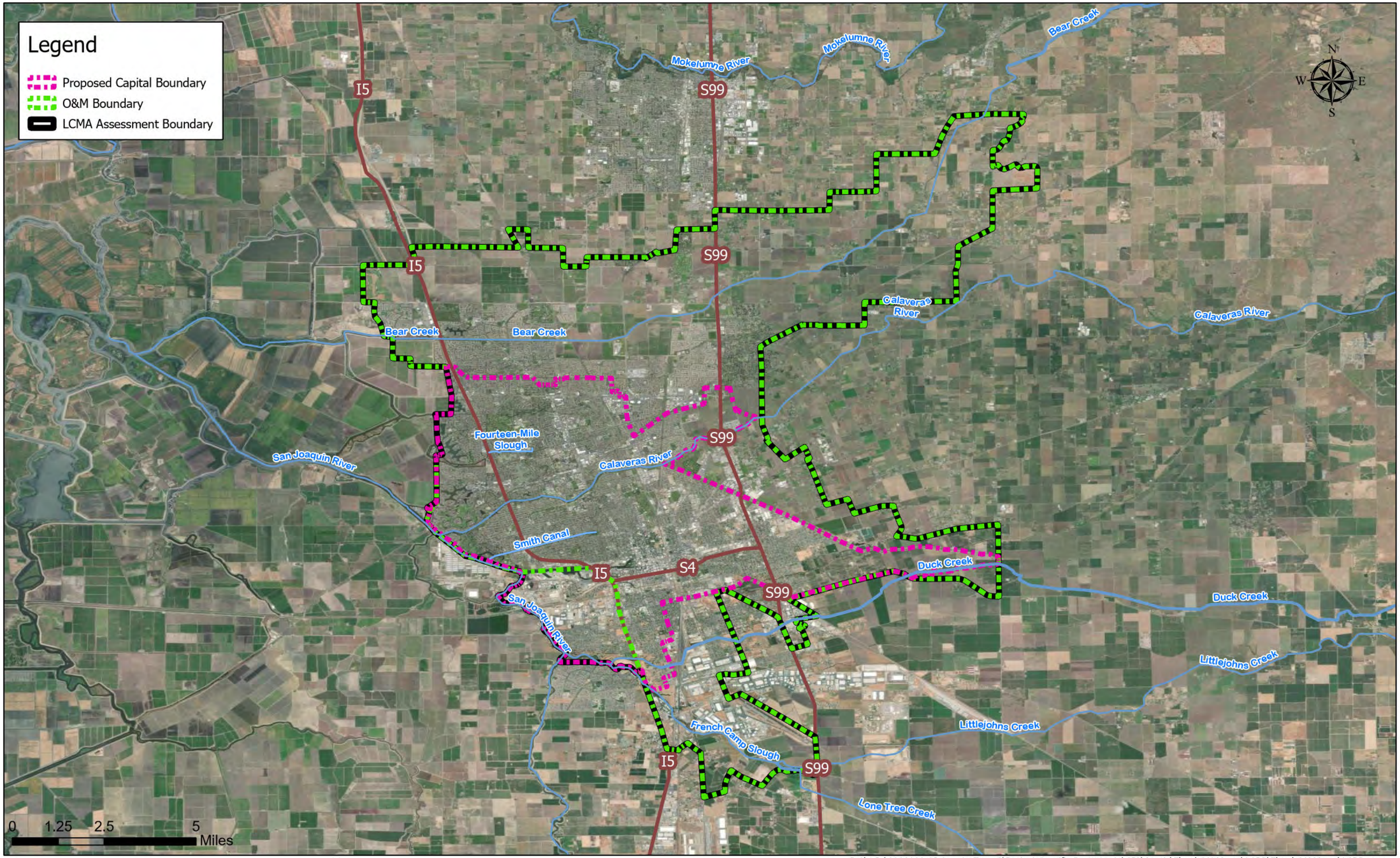


Figure 5: LCMA Area of Benefit - Levee Capital & O&M Services



The special benefit conveyed to a parcel from Levee Capital and O&M Services (in terms of Levee Benefit Units) is based on the flood damage reduction received by the parcel due to the decreased likelihood of flooding caused by a levee failure.

The methodology for calculating Levee Capital and O&M Benefit Units for each parcel utilizes the following property characteristics:

1. The size (acreage) of each parcel;
2. The Land Use Category assigned to each parcel;
3. The average structure size (square footage) per acre for each Land Use Category or sub-Category;
4. The depth of flooding from each breach scenario affecting the parcel;
5. The Relative Land Damage Rate per acre;
6. The Structure Damage Rate per square foot;
7. Whether the parcel was located within the prior SCAAD Assessment; and
8. Length of levee represented by each breach scenario (for Levee O&M Services for Zone 9 Project levees only).

A minimum flood damage reduction benefit was determined for all parcels with more than 95% of their area included within the Boundary. The minimum benefit was applied in the event a parcel's calculated flood damages was less than the minimum calculated benefit. This approach accounts for uncertainty in the model as a result of utilizing a finite number of flood breach analyses where a parcel's resulting inundation was nominal. This minimum benefit calculation is further described on Page 34.

Property Characteristics

The following property characteristics were developed for apportioning benefit. A summary of the property characteristics data is provided in **Table 6.**

Land Use Categories

Multiple land use codes are used by the San Joaquin County Assessor to categorize the properties within the boundaries. Each land use code was evaluated and assigned to a generalized Land Use Category (e.g.: Agricultural, Single-Family Residential, Commercial, etc.) for the purpose of identifying characteristics of each category for use in apportioning special benefit (**Appendix E**). A random sample of parcels for each County land use code was analyzed by reviewing aerial photographs to ensure that it had been assigned to the appropriate Land Use Category. The Land Use Categories are generally described as follows:

Agricultural land was characterized as large productive or unproductive land outside the urban area. No differentiation was made to differentiate between the crop types or use for livestock grazing.

Blended parcels are large parcels with multiple land uses present. The characteristics of these parcels are typically unique and require dedicated apportionment factors that are weighted by the portion (percent) of the parcel associated with each land use. An example would be a single large lot zoned as commercial that is half developed for a commercial use and the other half is vacant.

Table 6
Levee Capital and Maintenance Assessment (LCMA)
Summary of Assessed Property Characteristics

Land Use Category	Parcel Count	Total Acres
Agricultural	767	23,767
Blend	40	1,886
Commercial	3,378	3,124
Industrial	944	3,043
Mobile Home	143	304
Multi-Family Residential	5,904	1,336
Open Space	2,575	6,640
Open Space - Developed	3,432	3,375
Rural Residential	1,071	3,292
School	166	1,311
Single-Family Residential	75,741	14,159
Total	**94,161**	**62,236**

Source: Parcel Quest, San Joaquin County GIS and R&F Engineering

Commercial is characterized by properties with office, retail or public service buildings. This Land Use Category includes hotels, shopping centers, restaurants, offices, hospitals, etc. Some parcels within this Land Use Category have been assigned to a sub-category of Commercial Building Only. Parcels in this sub-category are commercial parcels with minimal acreage dedicated to parking and common areas within a larger commercial development. Parcels in this sub-category have adjacent parcels dedicated to supporting parking and other common areas associated with commercial uses.

Industrial is characterized by manufacturing, storage and processing facilities. This Land Use Category includes warehouses, manufacturing, processing, distribution, and public utilities.

Mobile Home Park is exclusively properties designed specifically for multiple mobile home structures. This category also includes individual parcels with Mobile Home Residential structures.

Multi-Family Residential is characterized as four or more dwelling units on a parcel. This Land Use Category includes apartments, condominiums, and townhouses. Condominium parcels within this Land Use Category have been assigned to a sub-category of Multi-Family Residential Condominium. Parcels in this sub-category are parcels designated as Condominium Units (Code 11) or Planned Unit Residential Development (Code 12) by the San Joaquin County Assessor. Parcels in this sub-category have minimal acreage not covered by structures and have adjacent parcels with open areas.

Open Space is characterized by properties with limited hardscape, without structures, that have been developed for their ultimate use. This Land Use Category includes parks, sports fields, bike paths, common areas, etc.

Open Space Developed is characterized by properties that do not have a structure, however, are generally ready to be built on. This Land Use Category includes parcels in developed areas that have been prepared for construction, parcels that are generically described as "vacant", and parcels that are entirely used as a parking lot.

Rural Residential are large lots with a Single-Family Residential structure outside the urban areas with limited amount of hardscape.

School properties are characterized as educational campuses, but do not include conversion of other land use categories for education activities (i.e. a commercial parcel utilized by a trade school). School properties can be public or private.

Single-Family Residential properties are characterized by three or fewer single-family dwelling structures on a parcel. This Land Use Category includes land with duplex and triplex buildings as they generally have the same physical characteristics as other single-family residences.

Parcel Size

The size of the parcel is used to appropriately apportion the special benefit from Levee Capital and O&M Services. Parcel data was obtained from San Joaquin County Assessor's data acquired through ParcelQuest. Parcel data was also obtained from the San Joaquin County Community Development Department GIS group

shapefiles. Where any significant discrepancy existed between the two sources, satellite imagery was used to measure and identify the more reliable source.

Average Structure Size per Land Use Type

Structure sizes were obtained from San Joaquin County Assessor's data acquired through ParcelQuest. The average structure size was calculated by summing the total square footage from all parcels for each land use and dividing by the total acres of all parcels with structures for each land use. **Table 7** summarizes the number of parcels, total parcel acreage and total structure square-footage of the parcels used to determine the average structure size associated with each Land Use Category.

Levee Capital and O&M Benefit Units

In general, flood damages were quantified for land and structures based on the depth of flooding. Levee O&M Benefit Units are calculated based on the levee breach modeling performed by R&F, as discussed above. Levee Capital Benefit Units were calculated utilizing the Feasibility Study floodplain modeling and floodplain modeling utilized to determine the extent of the Capital Boundary, as discussed above. Benefit unit calculations for each of these components are presented below, and then these two components are normalized to determine the total benefit units from both services.

Levee O&M Benefit Units

Levee O&M Benefit Units (OBU) are equal to the avoided flood damage to a parcel as a result of the Levee O&M Services associated with the Zone 9 Project levees. For the purpose of this assessment, flood damages were quantified for land and structures based on the depth of flooding from each of the breach scenarios.

The OBU for each property is calculated using the following formula:

OBU = Total [Weighted Flood Damage] for all Breach Scenarios

Where, for each Breach Scenario:

Weighted Flood Damage = [Avoided Flood Damage] x [Representative Levee Length]

Avoided Flood Damage = [Levee Breach Damage]

Levee Breach Damage = [Land Damage] + [Structure Damage]

Land Damage = [Parcel Size] x [Relative Land Damage Rate per Acre$_{\text{by land use}}$]

Structure Damage = [Average Structure SQFT] x [Parcel Size] x [Structure Damage Rate$_{\text{by structure type}}$]

Minimum OBU within Zone 9

For parcels within the Boundary shown in **Figure 5** (Page 30) that have been determined to benefit from Zone 9 levee maintenance but not inundated by any of the individual levee breach analysis scenarios, a minimum LBU is calculated as follows:

OBU = [1,000 ft of Levee] x [Parcel Size] x [Relative Land Damage Rate]

Table 7
Levee Capital and Maintenance Assessment (LCMA)
Average Structure Size per Acre

Land Use Category	Parcel Count [1]	Acres	Structure Sq. Ft.	Average Structure Sq. Ft/Acre
Agricultural	N/A	N/A	N/A	N/A
Blend	N/A	N/A	N/A	N/A
Commercial	865	1,078	9,531,904	8,800
Commercial Building Only [2]	140	41	1,522,633	36,800
Industrial	407	1,351	16,827,510	12,400
Mobile Home	108	153	156,072	1,000
Multi-Family Residential	2,106	1,065	17,644,638	16,500
Multi-Family Residential Condominium [3]	3,625	94	4,050,564	43,000
Open Space	N/A	N/A	N/A	N/A
Open Space - Developed	N/A	N/A	N/A	N/A
Rural Residential	1,027	3,096	2,048,467	600
School	29	233	516,174	2,200
Single-Family Residential	75,453	13,976	126,523,952	9,000

[1] Includes only parcels with structure building sq. ft for the purpose of calculating average structure sq. ft. per parcel.

[2] Represents commercial parcels with minimal acreage dedicated to parking and common areas within commercial developments. Parcels in this sub-category of commercial have adjacent parcels dedicated to supporting parking and other common areas within a larger commercial development. As a result the Average Structure / Sq. Ft. is much higher than the remaining parcels in the balance of the Commercial Land Use Category.

[3] Represents residential multi-family condominiums, specifically San Joaquin County use code 11 and 12. Parcels in this Multi-Family Residential sub-category have minimal acreage not covered by structures and have adjacent parcels with open areas. As a result the Average Structure / Sq. Ft. is much higher than the remaining parcels in the balance of the Multi-Family Residential Land Use Category.

Source: Parcel Quest, San Joaquin County GIS and R&F Engineering

Relative Land Damage Rate per Acre

The Relative Land Damage Rate per Acre represents the relative damage to site improvements (e.g. landscaping, utilities, etc.) that occurs as a result of inundation and deposition of sediment carried in floodwaters. The Relative Land Damage Rate per Acre was determined by assigning a Relative Land Value per Acre to each land use category and applying a 10% damage factor to the Relative Land Value per Acre. **Table 8** summarizes the Relative Land Damage Rate for each Land Use Category.

Structure Damage Rate

The Structure Damage Rate is calculated based on the methodology used in the UASCE Flood Damage Analysis (FDA) program. The FDA program assigns a relative Structure Replacement Value according to type of structure and estimates the percent structure damage based on the depth of flooding. Similarly, the FDA program assigns a relative Contents Replacement Value according to type of structure and estimates the percent of contents damage based on the depth of flooding (**Table 9** & **Table 10**). **Table 11** summarizes the OBU's by Land Use Category. Because an average structure size rate per acre was utilized for calculating structure damages, for the O&M Benefit unit calculations, the structure sizes calculated were capped at 5,000 square feet per parcel for single family residential.

Levee Capital Benefit Units

Levee Capital Benefit Units (CBU) are equal to the avoided flood damage to a parcel as a result of the Levee Capital Services. For the purpose of this assessment, flood damages were quantified for land and structures based on the depth from the without LSJRP hydraulic modeling and also through preventing flooding within this same leveed area due to the failure of a FEMA 100-year accredited levee.

The CBU for each property is calculated using the following formula:

CBU = Total Avoided Flood Damage

Avoided Flood Damage = [Levee Breach Damage] x SCAAD Factor

SCAAD Factor = 0.852

Levee Breach Damage = [Land Damage] + [Structure Damage]

Land Damage = [Parcel Size] x [Relative Land Damage Rate per Acre$_{\text{by land use}}$]

Structure Damage = [Average Structure SQFT] x [Parcel Size] x [Structure Damage Rate$_{\text{by structure type}}$]

Minimum flood depth

All parcels, which reside in the Capital Boundary floodplain receive flood protection benefits from FEMA accredited levees. As such, all parcels within the Capital Boundary of the Proposed Assessment are assumed to have a minimum flood depth of 1' for the purpose of calculating avoided flood damage to approximate the special benefit associated with regulatory accreditation.

Table 8
Levee Capital and Maintenance Assessment (LCMA)
Relative Land Damage Rate

Land Use Category	Relative Land Value per Acre A [1]	Relative Land Damage Per Acre B = A X 10%
Agricultural [2]	$25,000	$2,500
Commercial	$70,000	$7,000
Industrial	$70,000	$7,000
Mobile Home	$50,000	$5,000
Multi-Family Residential	$70,000	$7,000
Open Space	$10,000	$1,000
Open Space - Developed	$40,000	$4,000
Rural Residential	$25,000	$2,500
Single-Family Residential	$50,000	$5,000
School	$41,000	$4,100

[1] Relative land value based on previous Engineer's Reports prepared in the region.
[2] Includes Crop Damage.

Table 9
Levee Capital and Maintenance Assessment (LCMA)
Structure Replacement Value and Depth Damage

Land Use		Structure Replacement Value	Percent of Structure Damaged															
Depth			0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Agricultural	[1]	$111.67	11.4%	19.3%	26.5%	33.2%	39.3%	44.7%	49.7%	54.1%	58.0%	61.5%	64.5%	67.1%	69.3%	71.2%	72.7%	74.0%
Commercial	[2]	$85.56	7.0%	21.7%	30.2%	31.2%	32.4%	32.4%	39.8%	42.8%	51.7%	53.1%	54.1%	61.8%	64.8%	64.8%	65.5%	86.1%
Industrial	[4]	$54.51	7.0%	21.7%	30.2%	31.2%	32.4%	32.4%	39.8%	42.8%	51.7%	53.1%	54.1%	61.8%	64.8%	64.8%	65.5%	86.1%
Mobile Home	[5]	$45.85	9.9%	44.7%	45.7%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
Multi-Family Residential	[6]	$84.40	11.4%	19.3%	26.5%	33.2%	39.3%	44.7%	49.7%	54.1%	58.0%	61.5%	64.5%	67.1%	69.3%	71.2%	72.7%	74.0%
Open Space		$0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Open Space - Developed		$0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rural Residential	[7]	$111.67	11.4%	19.3%	26.5%	33.2%	39.3%	44.7%	49.7%	54.1%	58.0%	61.5%	64.5%	67.1%	69.3%	71.2%	72.7%	74.0%
Single-Family Residential	[8]	$111.67	11.4%	19.3%	26.5%	33.2%	39.3%	44.7%	49.7%	54.1%	58.0%	61.5%	64.5%	67.1%	69.3%	71.2%	72.7%	74.0%
School	[3]	$144.46	7.0%	21.7%	30.2%	31.2%	32.4%	32.4%	39.8%	42.8%	51.7%	53.1%	54.1%	61.8%	64.8%	64.8%	65.5%	86.1%

[1] Source: Table B-33 - Good Status for Single Family Residential
[2] Source: Table B-9 - Good Status for Commercial Retail
[3] Source: Table B-29 Good Status for Public and Private Schools
[4] Source: Table B-21 - Good Status for Industrial Light
[5] Source: Table B-25 - Good Status for Mobile Home
[6] Source: Table B-26 - Good Status Construction Class and Quality for Multi-Family Residential
[7] Source: Table B-33 - Good Status for Single Family Residential
[8] Source: Table B-33 - Good Status for Single Family Residential

Source: Table C-1 2012 CVFPP HEC-FDA Structure and Damage Functions - CVFPP Attachment 8F Flood Damage Analysis

Table 10
Levee Capital and Maintenance Assessment (LCMA)
Contents Replacement Value and Depth Damage

Land Use		Structure to Contents Ratio	Percent of Contents Damaged															
Depth			**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
Agricultural	[1]	50%	6.6%	11.0%	15.1%	18.8%	22.1%	25.1%	27.7%	30.1%	32.1%	33.8%	35.2%	36.3%	37.2%	37.8%	38.2%	38.5%
Commercial	[2]	51%	0.0%	79.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Industrial	[4]	31%	0.2%	87.6%	96.4%	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mobile Home	[5]	50%	0.0%	85.0%	95.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Multi-Family Residential	[6]	50%	6.6%	11.0%	15.1%	18.8%	22.1%	25.1%	27.7%	30.1%	32.1%	33.8%	35.2%	36.3%	37.2%	37.8%	38.2%	38.5%
Open Space		0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Open Space - Developed		0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rural Residential	[7]	50%	6.6%	11.0%	15.1%	18.8%	22.1%	25.1%	27.7%	30.1%	32.1%	33.8%	35.2%	36.3%	37.2%	37.8%	38.2%	38.5%
Single-Family Residential	[8]	50%	6.6%	11.0%	15.1%	18.8%	22.1%	25.1%	27.7%	30.1%	32.1%	33.8%	35.2%	36.3%	37.2%	37.8%	38.2%	38.5%
School	[3]	38%	0.0%	87.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

[1] Source: Table B-33 - Good Status for Single Family Residential
[2] Source: Table B-9 - Good Status for Commercial Retail
[3] Source: Table B-29 Good Status for Public and Private Schools
[4] Source: Table B-21 - Good Status for Industrial Light
[5] Source: Table B-25 - Good Status for Mobile Home
[6] Source: Table B-26 - Good Status Construction Class and Quality for Multi-Family Residential
[7] Source: Table B-33 - Good Status for Single Family Residential
[8] Source: Table B-33 - Good Status for Single Family Residential

Source: Table C-1 2012 CVFPP HEC-FDA Structure and Damage Functions - CVFPP Attachment 8F Flood Damage Analysis

Table 11
Levee Capital and Maintenance Assessment (LCMA)
Summary of Resulting Levee Benefit Units

Land Use Category	O&M Benefit Units (OBU) A	Capital Benefit Units (CBU) B	Total Levee Benefit Units (LBU) C = A/30 + B
Agricultural	77,923,914	4,377,700	6,975,164
Blended	214,830,020	118,795,205	125,956,206
Commercial	4,003,482,162	456,928,315	590,377,720
Industrial	3,830,507,661	217,399,407	345,082,995
Mobile Home	21,631,953	3,114,756	3,835,821
Multi-Family Residential	4,020,218,444	480,368,762	614,376,044
Open Space	16,772,254	2,029,262	2,588,337
Open Space - Developed	50,095,586	7,698,085	9,367,938
Rural Residential	78,371,947	2,274,568	4,886,966
School	574,720,144	73,039,324	92,196,663
Single-Family Residential	22,450,511,025	2,863,250,973	3,611,601,341
Total	**35,339,065,110**	**4,229,276,358**	**5,407,245,195**

Source: As calculated by Larsen Wurzel & Associates, inc.

Relative Land Damage Rate per Acre

As defined under OBU methodology, the Relative Land Damage Rate per Acre represents the relative damage to site improvements (e.g. landscaping, utilities, etc.) that occurs as a result of inundation and deposition of sediment carried in floodwaters. The Relative Land Damage Rate per Acre was determined by assigning a Relative Land Value per Acre to each land use category and applying a 10% damage factor to the Relative Land Value per Acre. **Table 8** (page 37) summarizes the Relative Land Damage Rate for each Land Use Category.

Structure Damage Rate

As defined under OBU methodology, the Structure Damage Rate is calculated based on the methodology used in the USACE Flood Damage Analysis (FDA) program. The FDA program assigns a relative Structure Replacement Value according to type of structure and estimates the percent structure damage based on the depth of flooding above the finish floor. Similarly, the FDA program assigns a relative Contents Replacement Value according to type of structure and estimates the percent of contents damage based on the depth of flooding (reference again, **Table 9** & **Table 10,** pages 38 and 39 respectively). **Table 11** (page 40) summarizes the CBU's by Land Use Category.

Because an average structure size rate per acre was utilized for calculating structure damages, for the Capital Benefit unit calculations, structure sizes were capped at 5,000 square feet per parcel for single family residential. When calculating the flood depth to a finished floor, a finish floor height elevation was assumed at 1' for all structures and 2' for mobile homes.

SCAAD Factor

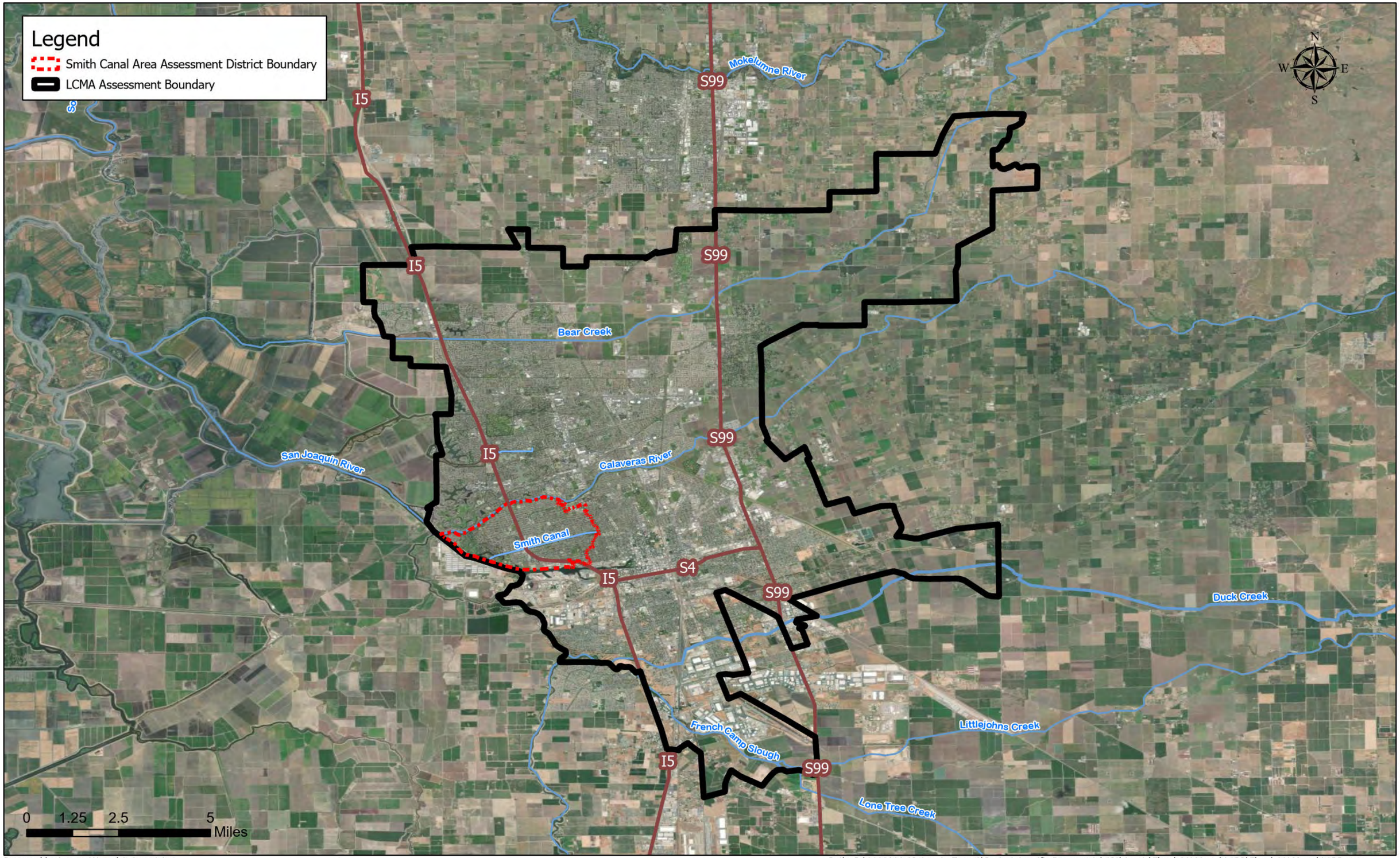
This factor is used to recognize the prior contribution of the SCAAD toward the implementation of the SCG Project. Those properties within the current SCAAD are given a SCAAD factor of 0.852 and those properties outside of the SCAAD assessment boundary are given a SCAAD factor of 1. The SCAAD factor of 0.852 was determined based on the ratio of the prior investments into the SCG Project by properties in the SCAAD, based on total annual assessment revenues provided to date, versus the investment required for the Levee Capital Services of this Proposed Assessment for the same benefitting parcels. When applied at 0.852, this factor reduces the special benefits received to account for the share of special benefits already delivered by properties in the SCAAD boundary to date and are now credited to the investment of funding for Levee Capital Services. For those properties within the SCAAD boundary (See **Figure 6**), the SCAAD factor is calculated as follows:

- SCAAD investment to date: approximately $17 Million
- SJAFCA 10.5% portion of LSJRP "first cost", adjusted for updated SCG cost, escalated to 2022 cost basis: approximately $115 Million
- Discount factor = 17/115 = 14.78%
- SCAAD Factor = 1 – 0.148
- **SCAAD Factor = 0.852**

Equivalent Levee Benefit Unit (LBU)

Benefit units have been calculated based on individual levee breaches for O&M Services and weighted by representative levee lengths. However, a composite floodplain boundary was utilized to determine the

Figure 6: Smith Canal Area Assessment District (SCAAD) Boundary



benefits from Capital Services because the capital project is considered a whole system of improvements. As a result of this approach, the total number of calculated OBU's is significantly larger than the calculated CBU's. As such an equivalency factor is needed to allow for a comparable equivalent levee benefit unit for which to serve as a basis for assessing the total special benefits and determining parcel-level assessment rates. Because O&M Services represent an ongoing service that will continue into the future and can considered on a single annual basis, and the Capital Services represent a shorter term but larger financed investment over time, the Assessment Engineer has considered the application of a factor related to the term of financing to equivocate the benefit units of the two services. The Assessment Engineer has utilized an equalization factor of 30:1, which is indicative of the capital financing term that is expected to be utilized for the Capital Services. To simply the application of the factor, and reduce the total number of calculated benefit units, the equalization factor is applied by dividing the OBU's by 30 as follows:

Total Equivalent Levee Benefit Units = Total OBU / 30 + Total CBU

Table 11 (page 40) summarizes the OBU's, CBU's and Total Levee Benefit Units (LBU's) by Land Use Category.

General Benefits

Thoroughfare Damages Calculation

As described above, the Levee Capital and O&M Services provide a general benefit to the public at large by protecting thoroughfares within the boundary of the Proposed Assessment from flood damages. The amount of general benefit associated with each thoroughfare was quantified by identifying the cost to repair the road because of the flood damages. San Joaquin County indicated that the average cost to repair flood damages for an entire reach of thoroughfare is approximately $5.00 per square-foot.

Table 12 lists the reaches of thoroughfares protected against flood damages by the Levee Capital and O&M Services; identifies the cross-street limits, reach length, and typical road width.

Table 13 calculates the general benefit from protecting thoroughfares by multiplying the area of thoroughfare pavement by the estimated cost to repair flood damages. The general benefit from protecting all thoroughfares was calculated to be 24,470,000 equivalent Levee Benefit Units.

Federal Properties

Federally owned properties, such as the United States Post Office in Stockton, receive a special benefit from the Levee Capital and O&M Services and are included in the apportionment of special benefit. The benefit for all federally owned properties is calculated as 458,523 equivalent Levee Benefit Units. However, federal law prohibits local agencies from collecting assessments due from the federal government. The lost revenue cannot be reapportioned to assessed property owners. Therefore, the benefits of Levee Capital and O&M Services provided by protecting these federally owned properties against flood damages are treated similar to general benefits, and the lost assessment revenue must be funded by other revenue sources.

Table 12
Levee Capital and Maintenance Assessment (LCMA)
Protected Throughfares

Throughfare	Reach Description	Reach Length (ft) A	Width (ft) B	Total SQFT C = A X B
HWY 99	Diverting Canal to Carpenter Road	22,800	120	2,736,000
HWY 4	SJR River to I-5	9,000	50	450,000
HWY 4	Main Street to HWY 99	8,200	120	984,000
Charter Way	I-5 to HWY 99	18,100	40	724,000
Total				**4,894,000**

Source: GIS Imagery

Table 13
Levee Capital and Maintenance Assessment (LCMA)
Thoroughfare General Benefit Calculation

Thoroughfare SQFT	Repair Rate per SQFT	Total General Benefit from Thoroughfares
A	B	C = A X B
Reference Table 11	[1]	
4,894,000	$5.00	24,470,000

[1] Based on input from San Joaquin County Public Works

Evaluation of Funding Sources for General Benefit

Together, the federal properties and thoroughfares amount to 24,928,523 units in general benefit. The total revenue required to fund the total general benefit is $40,834, using the special benefit assessment calculation found in the next section.

- Protecting thoroughfares: $40,074
- Special benefit to federally owned property: $750

Because other funding sources are provided for Levee Capital and O&M Services including from USACE and DWR, as well as San Joaquin County property tax apportionment revenues, this funding can be applied to the general benefits provided by the Services. In short, these funding sources are sufficient to fund the general benefit occurring within the area.

Proposed Special Benefit Assessment Calculation

To determine the proposed assessment for an individual parcel, the amount of Levee Benefit Units (LBU) for the parcel is calculated and multiplied by the assessment rate per LBU. The proposed assessment rate per LBU is equal to the required annual budget divided by the total quantity of LBU's as shown on **Table 14**. All factors required to calculate each Parcel's LBU have been described above and can found in the provided tables and appendices. The proposed assessment rate per LBU is **$0.001415** / LBU.

Example Parcel Assessment

Using the proposed parcel assessment equation and supporting LBU equations as well as parcel attributes including parcel size, average structure size, relative land damage rate per acre, structure damage rate per square foot, and finally the proposed assessment rate, an individual parcel's assessment can be calculated.

Assessments are rounded down to the closest multiple of $0.02 as required by the San Joaquin County Assessor's office for submission of the special assessment roll for collection on County Property Tax Bills.

The following list of steps are taken to calculate a parcel's assessment:

Step 1 – Determine the Parcel Size, Land Use, Breach Name, Representative Levee Length.

Step 2 – Using **Table 7**, determine the Average Structure Size.

Step 3 – Using **Table 8**, determine the Relative Land Damage Rate per Acre.

Step 4 – Using **Table 9**, determine the Structure Damage Rate per Square Foot.

Step 5 – Using **Table 10**, determine the Contents Damage Rate per Square Foot.

Step 6 – Calculate the Parcel **OBU** using **Equation 1.**

Step 7 – Calculate the Parcel **CBU** using **Equation 2.**

Step 8 – Determine if the parcel is within the previous SCAAD boundaries and add SCAAD Factor.

Step 9 – Calculate the Parcel **LBU** using **Equation 3**

Table 14
Levee Capital and Maintenance Assessment (LCMA)
Initial Proposed Assessment Rate Calculation - FY 2023/24

FY 2023/24 Budget	Total Benefit Units	Proposed FY 2023/24 Assessment Rate
A	**B**	**C = A /B**
Reference Table 4	Reference Tables 11 & 13 [1]	
$7,684,000	5,431,715,195	$0.001415

[1] Includes benefit from thoroughfares and federal properties.

Step 10 – Calculate the parcel assessment using **Equation 3.**

Step 11 – Round down to the closest multiple of $0.02. Raise up to $ 2.00 if it is less than the minimum[8]

A detailed example parcel assessment calculation is included at the end of this report on **Table 16** (Page 55)**.**

Summary of Assessments

A detailed listing by Assessor's parcel number of the assessments is included in **Appendix F.** The proposed assessments are summarized by Land Use Category in **Table 15**.

Special Considerations

Public Parcels

Consistent with the requirements of Proposition 218, all publicly owned parcels are assessed proportionately based upon the special benefits they receive from services provided by the proposed assessment. That is, public parcels are treated the same as privately owned parcels for assessment calculation purposes. To calculate assessments for these parcels, a land use category was assigned to each public parcel based on its current use.

As noted previously, the benefits received by Federally owned parcels are treated the same a general benefits. Because the assessments will not be collected from Federally owned parcels, the lost revenues from must be funded from an alternate sources similar to other general benefits.

Multiple Use Parcels

A property that is determined to have multiple uses but is classified under a single use code by the San Joaquin County Assessor that is not consistent with the multiple uses may be eligible to have its assessment calculated as if it were two or more parcels ("sub-parcels") with varying structure and land uses types for the purpose of apportioning benefit. The assessments of the sub-parcels would then be combined to represent a single assessment for the purpose of assessment balloting, direct billing and/or submission of the roll to the San Joaquin County Auditor for collection on the secured property tax roll.

Minimum Assessment Amount

The Agency has determined that the collection of very small annual assessments can result in a net loss to the Agency due to the costs of processing. It light of the legal obligation to ensure that property owners pay assessments in proportion to the special benefit they receive, the Agency has determined that waiving those very small assessments is not legally permissible. The Agency has therefore set a minimum assessment at $2.00. The minimum annual assessment will be $2.00 per parcel to reflect the cost to administer the Assessment Roll. All annual assessments calculated to be less than $2.00 will be raised to the $2.00 minimum. If the additional revenue collected by the SJAFCA due to the minimum assessment exceeds the cost to administer the Assessment Roll, the funds will be added to the reserve fund for the LCMA's Services.

[8] Reference Minimum Assessment Amount discussion below.

Table 15
Levee Capital and Maintenance Assessment (LCMA)
Summary of Proposed FY 2023/24 Assessments by Land Use Category

Land Use Category	Parcel Count	Average Assessment	Proposed FY 2023/24 Assessment [1]	Share of Total Assessment
Agricultural	767	$14	$10,618	0.1%
Blended	40	$4,455	$178,193	2.3%
Commercial	3,378	$247	$835,681	10.9%
Industrial	944	$517	$488,452	6.4%
Mobile Home	143	$38	$5,479	0.1%
Multi-Family Residential	5,904	$147	$870,219	11.3%
Open Space	2,575	$3	$7,673	0.1%
Open Space - Developed	3,432	$5	$16,516	0.2%
Rural Residential	1,071	$8	$8,255	0.1%
School	166	$786	$130,484	1.7%
Single-Family Residential	75,741	$68	$5,132,808	66.8%
Total	**94,161**	**$82**	**$7,684,376**	**100.0%**

[1] Includes $2 minimum assessment.

Application of the Assessment Boundary to Parcels

The Assessment Boundary described above represents a boundary driven by the hydraulics associated with flooding. The hydraulic floodplain does not align with the parcel boundaries as they are configured, assessed, and taxed by the County. The Assessment Engineer has determined that those parcels with 95% of their land area located within the Assessment Boundary will be subject to the Assessment. While the hydraulics are not expected to change significantly over time, parcel boundaries can and do change regularly. As a result, the area subject to the collection of the assessment will not align with the boundary of the assessment. The application of the Assessment Boundary to the then current set of parcels will take place annually as part of the assessment administration process.

Updating the Annual Assessment Roll

Recalculating individual property assessments will accommodate changes within LCMA over time. These changes can result from the development activity such as recordation of subdivision maps, zoning changes, conditional use permits, and lot splits or mergers. Placement of a structure on an undeveloped parcel or other changes to improvements on a parcel may trigger a recalculation of the assessment if there is a change in the land use category.

It is recognized that when compiling data for the tens of thousands of parcels within the assessment boundary, the data[9] used to derive individual parcel characteristics may not be accurate and may not precisely fit the intent of the Assessment Engineer thus leading to errors and/or circumstances that result in inaccurate assessment calculations on annual basis. Where such circumstances are discovered, either by the persons administering the assessment district or by the owners of the properties affected, SJAFCA staff shall review such circumstances and determine if corrections or adjustments are appropriate. Any such corrections or adjustments are to be consistent with the concept, intent, and parameters of the methodology for the assessment as set forth within this Engineer's Report without formal approval by the SJAFCA Executive Director. Unless such proposed changes are appealed to the SJAFCA Executive Director and determined not to be acceptable, they will be incorporated into the Assessment Roll.

[9] The Assessment Engineer has utilized data compiled from the San Joaquin County Assessor to determine the individual property characteristics used as the basis for assessing and apportioning special benefit. While the data from the San Joaquin County Assessor is assumed to be accurate, its primary purpose is for use by the San Joaquin County Assessor and is subject to the Assessor's standards for accuracy and update. As a result, the information may be inaccurate and not reflect the actual property characteristics of every parcel.

6. ASSESSMENT ADMINISTRATION

Schedule for Collection

If property owners approve the proposed assessment, SJAFCA intends to commence collection of the assessments in FY 2023/24. The assessment would be collected annually on the secured property tax rolls of San Joaquin County as described further below under "Duration of the Assessment" (Page 52).

The annual administrative expenses of LCMA would also be funded through the annual levy of assessments. Ongoing administrative expenses would include the annual calculation and preparation of the assessment roll, the actual costs of collecting the annual assessments and the costs of responding to inquiries including the review and processing of any appeals.

Assessment Revenue Distribution

Assessment revenues are collected for O&M Services and Capital Services. Since SJAFCA is not a maintaining organization, SJAFCA will transfer revenues to local maintaining agencies or fund others (i.e. contract for services) for levee O&M Services.

SJAFCA will transfer funding for the O&M of the SJCFCWCD levees to SJCFCWCD, except for the cost incurred by SJAFCA for the administration of the assessment. SJAFCA and SJCFCWCD will arrange an agreement for funding transfers if the Proposed Assessment is approved.

SJAFCA will transfer funding for the additional O&M services associated with the LSJRP to the appropriate maintaining agency or contract with others for these services. Transfer of funds for additional O&M associated with the LSJRP will occur as particular capital improvement features are finished and turned over by USACE to the NFS for long-term maintenance. If the Proposed Assessment is approved, SJAFCA will setup agreements with applicable maintainers that detail out the responsibilities and funding transfer amounts.

Appeals of Assessments Levied to Property

Any property owner who believes his or her property should be reclassified and the assessment adjusted may file a written appeal with the SJAFCA Executive Director. Any such appeal is limited to correction of an assessment during the then-current fiscal year and future years.

All appeals must include a statement of reasons why the property should be reclassified and may include supporting evidence. On the filing of any such appeal, the Executive Director will direct staff to promptly review the appeal and any information provided by the property owner and may investigate and assemble additional evidence necessary to evaluate the appeal. If the Executive Director finds that the assessment should be modified, the appropriate changes will be made to the assessment roll for the following fiscal year. Any such changes approved after the assessment roll has been filed with the County for collection, will not result in a refund of the current or any prior year's assessments paid before the appeal was filed unless so directed by the Executive Director.

Impact of Appeals

The majority of the data being used to generate the assessment rates for specific parcels comes from the San Joaquin County Assessor. Because the main purpose of the Assessor in compiling this data is not to support this and other Special Benefit Assessment efforts but rather to determine Assessed Value for the purpose of administering the County's Secured Tax Roll, the Assessment Engineer has worked to refine the Assessor's data so it properly reflects the conditions present in the physical benefit area. However, throughout the formation period (and indeed even after the formation of the assessment), data errors and discrepancies with the San Joaquin County Assessor data may surface and require modification of the assessment calculation for various parcels. Changes in the data without a corresponding change in the Assessment Rate established by this report will, by definition, change the total amount of assessments levied and collected in any one year. For example, if the data assumes the existence of a house that has since been destroyed and not been reconstructed, once the database is corrected the rates will generate a smaller total assessment. On the other hand, if the data assumes an empty lot where a house has since been constructed, once the database is corrected the rates will generate a larger total assessment. Due to the database being constantly refined (either through internal review or an external appeal process), it is infeasible to fine-tune the rates between the Preliminary Engineer's Report and the Final Engineer's Report. In addition, because changes to the database will either increase or decrease the total amount assessed, it is presumed that these amounts will roughly offset each other. Therefore, although minor changes to the database will continue to be made during the formation period, the rates proposed in this Report are not being fine-tuned, even though that will result in a total assessment which may be slightly less than or slightly more than the amount determined for the development of this report.

Duration of the Assessment

If approved by property owners in an assessment ballot proceeding conducted pursuant to Article XIIID Section 4 of the State Constitution and Government Code § 53750, *et. seq*., and subsequently approved by the SJAFCA Board of Directors, the assessment can be levied annually commencing FY 2023/24. The Executive Director will establish the assessment rate each year and while the assessment is only effective for that year, the assessment may be continued each year without another ballot proceeding with approval of the SJAFCA Board of Directors. The annual budget for Levee Capital Services will be collected by SJAFCA for 30 years following a final bond issuance which is expected in 2038. The budget for Levee O&M services will be collected each year that Levee O&M Services are provided, which is expected to be in perpetuity. On-going annual assessments cannot be increased without property owner approval, except for the annual escalation as described below.

Annual Escalation of the Assessments

To ensure that SJAFCA can provide the needed services over time, it is important to allow for an increase of the assessment over time to address the rising costs of labor, supplies, and materials. The Assessment Engineer has determined that an appropriate escalation factor is a factor that is reflective of rising labor costs and goods over time. Therefore, beginning in FY 2024/25, the maximum authorized assessment may be increased subject to an annual inflationary escalator pursuant to Government Code § 53739 (b), based on the annual change in the Consumer Price Index February to February CPI-W for San Francisco-Oakland-Hayward all Items, with Base Period 1982-84 = 100, published by the U.S. Department of Labor, Bureau of Labor

Statistics, subject to a minimum of zero percent and a maximum of 4% in any given year. The adjustment to the maximum authorized assessment would be applied to the prior year's annual assessment rate.

7. CONCLUSIONS

It is concluded that the proposed assessments do not exceed the reasonable cost of the proportional special benefit conferred on each property assessed.

Scott L. Brown, P.E.

Table 16
Assessment Parcel Equations and Example Calculations

Equation 1: Levee O&M Benefit Units

$$Total\ OBU\ = OBU\ per\ breach\ for\ all\ breaches\ that\ affect\ the\ parcel$$

$$\textbf{OBU}\ per\ breach = \ Representative\ Levee\ Length\ [1]\ \times \{(Parcel\ Size\ [2] \times Relative\ Land\ Damage\ Per\ Acre\ [3]) + \big(Average\ Structure\ Sq.Ft.per\ acre\ [4] \times Parcel\ Size\ [2] \times Structure\ Replacement\ Value\ [5] \times (Structure\ Depth\ Damage\ [5] + Structure\ to\ Contents\ Ratio\ [6] \times Contents\ Depth\ Damage\ \ [6])\big)\}$$

[1] Table 5; Parcels within the LCMA O&M Boundary without flood depths utilized a levee length of 1,000 and only receive land damage benefit.
[2] Assessor's Data
[3] Table 8
[4] Table 7
[5] Table 9
[6] Table 10

Equation 2: Capital Benefit Units

$$\textbf{CBU}\ = \{(Parcel\ Size\ [2] \times Relative\ Land\ Damage\ Per\ Acre\ [3]) + (Average\ Structure\ Size\ per\ acre\ [4] \times Parcel\ Size\ [2] \times StructureReplacement\ Value\ [5] \times (\ Structure\ Depth\ Damage\ [5] + \ Structure\ to\ Contents\ Ratio\ [6] \times Contents\ Depth\ Damage\ \ [6]))\}$$

$$X\ SCAAD\ Factor\ [7]$$

[2] Assessor's Data
[3] Table 8
[4] Table 7
[5] Table 9
[6] Table 10
[7] Based on parcel location; see Figure 6.

Equation 3: Proposed Parcel Assessment

$$Parcel\ LBU\ = \frac{OBU}{30} + CBU$$

$$\textbf{Calculated Parcel Assessment} = \boldsymbol{Parcel\ LBU} \times \boldsymbol{Assessment\ Rate\ per\ LBU}\ [8]$$

[8] Table 14; **Assessment Rate per LBU** = $0.001415

Example Assessment Calculations

The following examples illustrate the application of the assessment equation to determine the annual assessment for several hypothetical properties.

Example 1

Consider a 0.16-acre single-family residential property the following property characteristics.

O&M Breach	Depth (ft)
Csr L3	8
Csr R1	1

Capital	Depth (ft)
100-Year	6

OBU Calculation

Land Use Category – Single-Family

From **Table 5**, Representative Levee Length: Csr L3- 2.6353 miles and Csr R1- 2.4215 miles

From **Table 7**, Average Structure Sq. Ft. – 9,000 sq ft per acre

From **Table 8**, the Relative Damage per Acre - $5,000 per acre

From **Table 9** and **Table 10**, the Structure Replacement Value - $111.67 per square foot; Structure Depth Damage 58.00% for 8 ft and 19.25% for 1 ft; Structure to Contents Ratio of 50.00%; Contents Depth Damage of 32.05% for 8ft and 11.00% for 1 ft

$$\boldsymbol{OBU}\ (\boldsymbol{Csr\ L3}) = 2.6353\ miles\ \ x\ \{(0.16\ acres\ x\ \$5{,}000\ per\ acre) + (9{,}000\ sq\ ft\ per\ acre\ x\ 0.16\ acres\ x\ \$111.67\ x\ (58.00\% + 50\%\ X\ 32.05\%)\} = 315{,}817$$

$$\boldsymbol{OBU}\ (\boldsymbol{Csr\ R1}) = 2.4215\ miles\ x\ \ \{(0.16\ acres\ x\ \$5{,}000\ per\ acre) + 9{,}000\ sq\ ft\ per\ acre\ x\ 0.16\ acres\ x\ \$111.67\ x\ (19.25\% + 50\%\ X\ 11.00\%)\ \} = 98{,}309$$

$$\textbf{Total OBU} = 315{,}817 + 98{,}309 = \ 414{,}126$$

CBU Calculation

From **Table 7**, Average Structure Size – 9,000 sq ft per acre

From **Table 8**, the Relative Damage per Acre - $5,000 per acre

From **Table 9** and **Table 10**, the Structure Replacement Value - $111.67 per square foot; Structure Depth Damage for 6 ft (5ft with finished floor) – 44.70%; Structure to Contents Ratio of 50.00%; Contents Depth Damage of 25.05% for 6 ft (5ft with finished floor)

SCAAD Factor of 1

$$\boldsymbol{CBU} = \{(0.16\ acres\ x\ \$5{,}000\ per\ acre) + (9{,}000\ sq\ ft\ per\ acre\ x\ 0.16\ acres\ x\ \$111.67\ x\ (44.7\% + 50\%\ x\ 25.05\%)\}\ x\ 1 = 92{,}820$$

$$\textbf{Total LBU} = 414{,}126/30 + 92{,}820 = 106{,}624$$

Assessment Calculation

$$\boldsymbol{Calculated\ Parcel\ Assessment} = (106{,}624\ x\ 0.001415) = 150.84$$

$$[\boldsymbol{Proposed\ Assessment}] = \$\mathbf{150.84}$$

Example 2

Assume a 1.5-acre commercial property the following property characteristics:

O&M Breach	Depth (ft)
Brc L2	3
Brc L3	4

Capital	Depth (ft)
100-Year	6

OBU Calculation

Land Use Category - Commercial

From Table 14, Representative Levee Length: Brc L2 – 2.7578 miles and Brc L3 – 0.9300 miles

From **Table 7**, Average Structure Size - 8,800 sqft per acre

From **Table 8**, the Relative Damage per Acre - $7,000 per acre

From **Table 9** and **Table 10**, the Structure Replacement Value - $85.56 per square foot; Structure Depth Damage 31.20% for 3 ft and 32.40% for 4 ft; Structure to Contents Ratio of 51.00%; Contents Depth Damage of 82.20% for 3ft and 83.40% for 4 ft

$$\boldsymbol{OBU}\ (\boldsymbol{Brc\ L2}) = 2.7578\ miles\ x\ \{(1.50\ acres\ x\ \$7{,}000\ per\ acre) + (8{,}800\ sqft\ per\ acre\ x\ 1.5\ acres\ x\ \$85.56\ x\ (31.20\% + 51\%\ x\ 82.20\%)\} = 2{,}589{,}156$$

$$\boldsymbol{OBU}\ (\boldsymbol{Brc\ L3}) = 0.9300\ miles\ x\ \{(1.50\ acres\ x\ \$7{,}000\ per\ acre) + (8{,}800\ sqft\ per\ acre\ x\ 1.50\ acres\ x\ \$85.56\ x\ (32.40\% + 51\%\ x\ 83.40\%)\} = 885{,}672$$

$$\textbf{Total OBU} = 2{,}589{,}156 + 885{,}672 = 3{,}474{,}828$$

CBU Calculation

From **Table 7**, Average Structure Size - 8,800 sqft per acre

From **Table 8**, the Relative Damage per Acre - $7,000 per acre

From **Table 9** and **Table 10**, the Structure Replacement Value - $85.56 per square foot; Structure Depth Damage for 6 ft (5ft with finished floor) – 32.40%; Structure to Contents Ratio of 51.00%; Contents Depth Damage of 83.40% for 6 ft (5ft with finished floor)

SCAAD Factor of 1

$$\boldsymbol{CBU} = \{(1.5\ acres\ x\ \$7{,}000\ per\ acre) + (8{,}800\ sqft\ per\ acre\ x\ 1.50\ acres\ x\ \$85.56\ x\ (32.40\% + 51\%\ x\ 83.40\%))\}\ x\ 1 = 952{,}413$$

$$\textbf{Total LBU} = 3{,}474{,}828/30 + 952{,}413 = 1{,}068{,}241$$

Assessment Calculation

$$\boldsymbol{Calculated\ Proposed\ Assessment} = (1{,}068{,}241\ x\ 0.001415) = 1{,}511.19$$

$$[\boldsymbol{Proposed\ Assessment}] = \$\mathbf{1{,}511.19}$$

San Joaquin Area Flood Control Agency

Levee Construction and Maintenance Assessment (LCMA)

Appendix A

KSN, Technical Memorandum, LCMA, Incremental O&M Costs LSJRP, February 23, 2023

SAN JOAQUIN COUNTY

Greatness grows here.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

San Joaquin Area Flood Control Agency

Date: June 15, 2023

KJELDSEN SINNOCK NEUDECK
CIVIL ENGINEERS & LAND SURVEYORS

Stephen K. Sinnock, P.E.
Christopher H. Neudeck, P.E.
Neal T. Colwell, P.E.
Barry O'Regan, P.E.

2494-0010
08-300

TECHNICAL MEMORANDUM - DRAFT

January 31, 2023

Project: Levee Construction and Maintenance Assessment District

Subject: Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

Prepared by: Erik E. Almaas, PE

Reviewed by: Christopher H. Neudeck, PE

---

1. Introduction

The San Joaquin County Flood Control and Water Conservation District (SJCFCWCD) and the San Joaquin Flood Control Agency (SJAFCA) are currently planning the Levee Construction and Maintenance Assessment (LCMA) District. The proposed assessment would provide funding for the following:

- Current budget deficiencies for operations and maintenance (O&M) of the existing Federal levee and channel facilities under the jurisdiction of SJCFCWCD within Zone 9.
- Local cost share for the capital costs for the Lower San Joaquin River Project (LSJRP).
- Incremental O&M costs resulting from the implementation of the LSJRP.

The evaluation of funding requirements for the first two components listed above is currently underway by Larsen Wurzel & Associates, Inc. (LWA). Kjeldsen, Sinnock & Neudeck, Inc. (KSN) has been requested to evaluate the third component listed above. This technical memorandum summarizes this evaluation and provides a summary of the results of the incremental O&M costs resulting from the implementation of the LSJRP.

2. Data Sources

The existing data sources that were utilized in this evaluation are as follows:

- U.S. Army Corps of Engineers (USACE). *San Joaquin River Basin, Lower San Joaquin River, CA, Final Integrated Interim Feasibility Report*. January 2018. (USACE Report)
- State of California, Department of Water Resources (DWR). *Flood System Long-Term Operations, Maintenance, Repair, Rehabilitation, and Replacement Cost Evaluation*, Central Valley Flood Protection Plan, 2017 Update. January 2017. (DWR Report)

3. Project Understanding and Assumptions

The basic understanding of the LSJRP for the basis of evaluation is in accordance with the Recommended Plan (i.e., Alternative 7A) within the USACE Report. The LSJRP consists of 20.4 miles of existing levees to be rehabilitated and 2.0 miles of new levees. A map of the LSJRP and proposed remediation measures is shown below in Figure 1, and the levee reach names used in this evaluation are shown below in Figure 2.

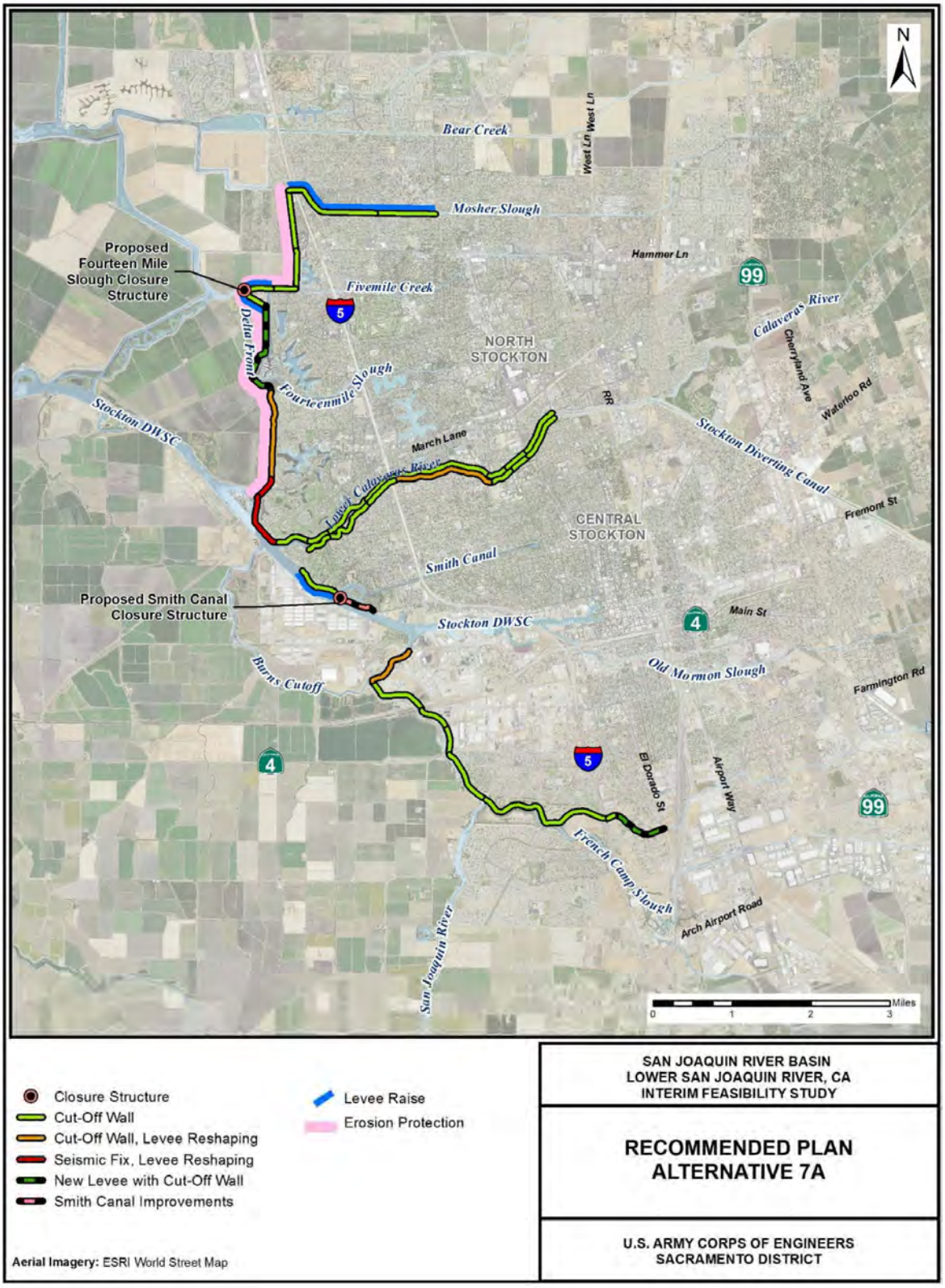


Figure 1 - Proposed Remediation Measures (Source: U.S. Army Corps of Engineers)

Figure 2 - Levee Reach Names (Source: U.S. Army Corps of Engineers)

The proposed new flood control measures within the LSJRP include the following:

- New levee
- New closure structure

The proposed remediation measures for the existing levees within the LSJRP include the following:

- Seepage cutoff wall
- Levee reshaping
- Seismic fix
- Levee raising
- Erosion protection

Long-term levee subsidence mitigation was also considered in evaluating the O&M costs. For the purposes of this Technical Memorandum, the evaluation of O&M costs attributed to the new closure structures at Smith Canal and Fourteenmile Slough was **not** performed. A breakdown of the proposed remediation measures on a levee reach-by-reach basis is summarized below in Table 1. A more detailed breakdown in included in Exhibit 1.

Table 1 - Summary of Proposed Remediation Measures

Levee Reach	Proposed Remediation Measure (1)							Levee Length (miles)
	New Levee	Seepage Cutoff Wall	Levee Reshaping	Seismic Fix	Levee Raising	Erosion Protection	Subsidence Mitigation	
Mosher Slough (left bank)								**1.96**
MC_10_L		x			x		x	1.22
MC_20_L		x			x		x	0.74
Shima Tract (right bank)								**1.25**
ST_10_R		x				x	x	0.47
ST_20_R		x				x	x	0.78
Fivemile Slough (right bank)								**0.31**
FS_10_R		x				x	x	0.31
Fourteenmile Slough (left bank)								**1.89**
FM_60_L		x			x	x	x	0.31
FM_40_L		x			x	x	x	0.27
FM_30_L	x	x				x	x	1.31
Tenmile Slough (left bank)								**2.08**
TS_30_L		x	x			x	x	1.14
TS_20_L			x	x		x	x	0.27
TS_10_L			x	x			x	0.68
Calaveras River (right bank)								**4.29**
CR_10_R		x					x	0.42
CR_20_R		x					x	0.26
CR_30_R		x					x	0.71
CR_40_R		x					x	0.54
CR_50_R		x					x	1.22
CR_60_R		x					x	0.25
CR_70_R		x					x	0.30
CR_80_R		x					x	0.59

Levee Reach	Proposed Remediation Measure (1)							Levee Length (miles)
	New Levee	Seepage Cutoff Wall	Levee Reshaping	Seismic Fix	Levee Raising	Erosion Protection	Subsidence Mitigation	
Calaveras River (left bank)								**4.09**
CR_10_L		x					x	0.33
CR_20_L		x					x	0.90
CR_30_L		x					x	0.49
CR_40_L		x	x				x	1.20
CR_50_L		x					x	0.32
CR_60_L		x					x	0.27
CR_70_L		x					x	0.58
San Joaquin River (right bank)								**3.90**
SJR_10_R		x			x		x	0.53
SJR_20_R		x			x		x	0.42
SJR_30_R		x	x				x	0.65
SJR_40_R		x					x	0.79
SJR_50_R		x					x	0.33
SJR_60_R		x					x	0.43
SJR_70_R		x					x	0.75
French Camp Slough (right bank)								**1.84**
FCS_10_R		x					x	1.84
Duck Creek (right bank)								**0.84**
DC_10_R		x					x	0.15
DC_20_R	x	x					x	0.43
DC_30_R	x	x					x	0.27
Totals:	**2.01**	**21.51**	**3.94**	**0.94**	**3.48**	**4.86**	**22.45**	**22.45**

Notes:

*(1) The evaluation of O&M costs attributed to the new closure structures at Smith Canal and Fourteenmile Slough is **not** included in this summary.*

A list of the major assumptions utilized in this evaluation are summarized below in Table 2.

Table 2 - Major Assumptions

Proposed Measure	Reference	Assumption
New levee	DWR Report (Table 5.1)	• For an urban levee on the Lower San Joaquin River / Delta South, the operations and maintenance costs are $50,000 per levee mile, and the repair, replace, and rehabilitate costs are $18,000 per levee mile in 2017$.
Seepage cutoff wall	USACE Report (Section 8.1.3)	• "*Cutoff wall(s) will not change long-term maintenance or replacement costs*."
Levee reshaping	USACE Report (Section 8.1.3)	• "*Right-of-way will be increased; so maintenance costs will increase to cover a larger vegetation management footprint*." • Modifying the existing levee geometry, such as widening the levee crown and flattening the levee slopes to increase stability, will increase the vegetation management footprint.
Seismic fix	USACE Report (Section 8.1.3)	• "*Right-of-way will be increased; so maintenance costs will increase to cover a larger vegetation management footprint*." • Degrading a portion of the existing levee, constructing a grid of deep soil mixing columns, and constructing a stability berm at the landside levee toe will increase the vegetation management footprint.
Levee raising	USACE Report (Section 8.1.3)	• "*Right-of-way will be increased; so maintenance costs will increase to cover a larger vegetation management footprint*." • Extending the landside levee toe landward to support raising the levee crown will increase the vegetation management footprint.
Erosion protection	n/a	• Furnish and place 25 tons of supplemental RSP per levee mile per year.
Subsidence mitigation	n/a	• Furnish and place engineered levee fill and aggregate base on the levee crown periodically to maintain the minimum top of levee elevation over time.

Where necessary, costs have been escalated to 2023 dollars based on the Construction Cost Index (CCI) published monthly by Engineering News-Record (ENR). The CCI is an indicator of general construction costs and includes labor and materials components. ENR uses the CCI to measure how much it costs to purchase a hypothetical package of goods and services and compare it to what it was in a prior year.

A breakdown of the present-day unit costs used in this evaluation is included in Exhibit 2.

4. Approach

The approach for each of the proposed measures is described below in further detail.

4.1 New Levees

Pursuant to Table 5.1 of the DWR Report for an urban levee on the Lower San Joaquin River / Delta South, the operations and maintenance costs are $50,000 per levee mile, and the repair, replace, and rehabilitate costs are $18,000 per levee mile. The combined amount of $68,000 was escalated to 2023 dollars based on ENR CCIs. The CCIs that were used in this assessment are summarized below in Table 3.

Table 3 - ENR CCIs and Escalation Factor for New Levee O&M Costs

Comparison Data		Current Data		Escalation
Date	ENR CCI	Date	ENR CCI	Factor
January 2017	10,531.68	January 2023	13,175.03	1.2510

Therefore, the O&M cost attributed to a new levee in 2023 dollars was determined to be $85,067 per levee mile per year.

4.2 Seepage Cutoff Wall

Pursuant to Section 8.1.3 of the USACE Report, "*Cutoff wall(s) will not change long-term maintenance or replacement costs*." Therefore, the incremental O&M cost attributed to seepage cutoff walls was determined to be zero.

4.3 Levee Reshaping, Seismic Fix, and Levee Raising

Levee reshaping, seismic fix, and levee raising remediation measures all include an element of widening the levee footprint in order to improve levee stability and/or the minimum top of levee. Pursuant to Section 8.1.3 of the USACE Report, "*Right-of-way will be increased; so maintenance costs will increase to cover a larger vegetation management footprint*." As a result, all three proposed remediation measures incorporate an increase in the levee vegetation management footprint. Therefore, the following approach was developed to evaluate the incremental O&M costs associated with the increase to vegetation management for levee reshaping, seismic fix, and levee raising remediation measures:

- Establish a baseline annual cost attributed to only vegetation management.
- Calculate a project footprint modifier that represents the percent increase in project footprint associated with the increased vegetation management.
- Calculate the incremental O&M costs associated with the increased vegetation management.

In order to establish a baseline annual cost attributed to only vegetation management, ten years of claims from the DWR Delta Levees Subventions Maintenance Program for the 28 reclamation districts in which KSN is the District Engineer were analyzed. The annual costs for "Levee Vegetation Control and Management" from Fiscal Year 2011-12 to Fiscal Year 2020-21 for each reclamation district was tallied and adjusted to 2023 dollars using ENR CCI values as per Table 4 below.

Table 4 - ENR CCIs and Escalation Factors for Baseline Vegetation O&M Costs

Comparison Values		Current Values		Escalation
Date	ENR CCI	Date	ENR CCI	Factor
June 2011	9,290.00	January 2023	13,175.03	1.4182
June 2012	9,542.33	January 2023	13,175.03	1.3807
June 2013	9,800.38	January 2023	13,175.03	1.3443
June 2014	10,036.38	January 2023	13,175.03	1.3127
June 2015	10,337.05	January 2023	13,175.03	1.2745
June 2016	10,702.81	January 2023	13,175.03	1.2310
June 2017	11,068.35	January 2023	13,175.03	1.1903
June 2018	11,268.48	January 2023	13,175.03	1.1692
June 2019	11,436.23	January 2023	13,175.03	1.1520
June 2020	12,112.05	January 2023	13,175.03	1.0878

An average annual baseline cost attributed to only vegetation management was calculated to be $3,635 per levee mile. A breakdown of the annual costs per reclamation district for said ten-year period is included in Exhibit 3.

Assumptions were made regarding the increased levee footprint width associated with levee reshaping, seismic fix, and levee raise measures. Levee widths for both pre- and post-project conditions and project footprint modifiers are summarized below in Table 5, and the basis of footprint calculations is described in Exhibit 4.

Table 5 - Increase in Project Footprint Associated with Increased Vegetation Management

Remediation Measure	Pre-Project Width (feet)	Post-Project Width (feet)	Project Footprint Modifier
Levee reshaping	108	164	+51.9%
Seismic fix	148	221	+49.3%
Levee raising	130	154	+18.5%

The incremental O&M costs associated with increased vegetation management were calculated by multiplying the baseline vegetation management costs (i.e., $3,655 per levee mile per year) and the project footprint multipliers shown in Table 5. Therefore, the incremental O&M costs attributed to levee reshaping, seismic fix, and levee raising in 2023 dollars were calculated and are summarized below in Table 6.

Table 6 - Incremental O&M Costs Associated with Levee Reshaping, Seismic Fix, and Levee Raising Measures

Remediation Measure	Incremental O&M Cost (per levee mile per year)
Levee reshaping	$1,885
Seismic fix	$1,793
Levee raising	$671

4.4 Erosion Protection

Erosion protection measures were assumed to include the placement of Rock Slope Protection (RSP) consisting of 18-inch minus quarry stone riprap on the levee slope. The incremental O&M costs associated with erosion protection were calculated based on furnishing and placing a standard truck load (i.e., 25 tons) of supplemental RSP per levee mile per year. Based on a unit cost of $159 per ton of RSP, the incremental O&M cost attributed to erosion protection in 2023 dollars was determined to be $3,985 per levee mile per year.

4.5 Subsidence Mitigation

Pursuant to Section 8.1.3 of the USACE Report, "*Localized ground subsidence may require periodic placement of levee fill to maintain the levee crest elevation*." The approach for evaluating the incremental O&M costs associated with subsidence mitigation was developed assuming that new engineered levee fill and aggregate base will need to be furnished and placed on the levee crown periodically to maintain the minimum top of levee elevation over time. The assumptions used in the calculations of new materials are summarized below in Table 7.

Table 7 - New Materials Associated with Subsidence Mitigation

Material	Width (feet)	Thickness (inches)	Quantity (cubic yards per mile)	Frequency (years)	Quantity (tons per mile per year)
Engineered levee fill	20	6	1,956	50	70.4
Aggregate base	20	4	1,304	50	52.1

Based on a unit cost of $75 per ton of engineered levee fill and a unit cost of $90 per ton of aggregate base, the incremental O&M cost attributed to subsidence mitigation in 2023 dollars was determined to be $9,974 per levee mile per year.

5. Results

The incremental O&M unit costs associated with each of the proposed measures is summarized below in Table 8.

Table 8 - Summary of Incremental O&M Unit Costs

Remediation Measure	Incremental O&M Cost (per levee mile per year)
New levee	$85,067
Seepage cutoff wall	$0
Levee reshaping	$1,885
Seismic fix	$1,793
Levee raising	$671
Erosion protection	$3,985
Subsidence mitigation	$9,974

The overall incremental O&M annual cost was then calculated by multiplying the incremental O&M unit costs for each proposed measure by the levee miles for each levee reach. A breakdown of the overall incremental O&M annual cost on a levee reach-by-reach basis is summarized below in Table 9. A more detailed breakdown is included in Exhibit 5.

Table 9 - Summary of Overall Incremental O&M Annual Costs

Levee Reach	Levee Length (miles)	Incremental O&M Annual Cost
Mosher Slough (left bank)		**$20,840**
MC_10_L	1.22	$12,979
MC_20_L	0.74	$7,861
Shima Tract (right bank)		**$17,475**
ST_10_R	0.47	$6,577
ST_20_R	0.78	$10,897
Fivemile Slough (right bank)		**$4,291**
FS_10_R	0.31	$4,291
Fourteenmile Slough (left bank)		**$138,403**
FM_60_L	0.31	$4,527
FM_40_L	0.27	$3,979
FM_30_L	1.31	$129,896

Levee Reach	Levee Length (miles)	Incremental O&M Annual Cost
Tenmile Slough (left bank)		**$31,973**
TS_30_L	1.14	$18,016
TS_20_L	0.27	$4,737
TS_10_L	0.68	$9,220
Calaveras River (right bank)		**$42,783**
CR_10_R	0.42	$4,175
CR_20_R	0.26	$2,618
CR_30_R	0.71	$7,038
CR_40_R	0.54	$5,434
CR_50_R	1.22	$12,135
CR_60_R	0.25	$2,539
CR_70_R	0.30	$3,000
CR_80_R	0.59	$5,844
Calaveras River (left bank)		**$43,072**
CR_10_L	0.33	$3,279
CR_20_L	0.90	$8,993
CR_30_L	0.49	$4,870
CR_40_L	1.20	$14,289
CR_50_L	0.32	$3,149
CR_60_L	0.27	$2,731
CR_70_L	0.58	$5,761
San Joaquin River (right bank)		**$40,717**
SJR_10_R	0.53	$5,595
SJR_20_R	0.42	$4,460
SJR_30_R	0.65	$7,699
SJR_40_R	0.79	$7,884
SJR_50_R	0.33	$3,332
SJR_60_R	0.43	$4,301
SJR_70_R	0.75	$7,446
French Camp Slough (right bank)		**$18,317**
FCS_10_R	1.84	$18,317
Duck Creek (right bank)		**$67,470**
DC_10_R	0.15	$1,500
DC_20_R	0.43	$40,680
DC_30_R	0.27	$25,290
Totals:	**22.45**	**$425,340**

Notes:

*(1) The evaluation of O&M costs attributed to the new closure structures at Smith Canal and Fourteenmile Slough is **not** included in this summary.*

6. Conclusions

The overall incremental O&M annual cost attributed to the LSJRP amounts to $425,402 per year, with one exception. For the purposes of this Technical Memorandum, the evaluation of O&M costs attributed to the new closure structures at Smith Canal and Fourteenmile Slough was **not** performed.

Levee Construction and Maintenance Assessment District

Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

EXHIBIT 1

Proposed Remediation Measures

LCMA District
Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

PROPOSED REMEDIATION MEASURES

Levee Reach	Waterway	Bank	Reach Description	Current LMA[1]	Levee Type			Proposed Remediation Measure								Length (miles)
					Federal Levee	Non-Fed to Become Fed	New Levee to Become Fed Levee	New Levee	Seepage Cutoff Wall	Levee Reshaping	Seismic Fix	Levee Raising	Erosion Protection	New Closure Structure	Subsidence Mitigation	
MC_10_L	Mosher Slough	Left	Southern levee along Mosher Slough with heavy amounts of vegatation, neighboring residential area.	SJCFCWCD[2]		X			X			X			X	1.22
MC_20_L	Mosher Slough	Left	Southern levee along Mosher Slough with heavy amounts of vegatation, neighboring residential area.	SJCFCWCD		X			X			X			X	0.74
ST_10_R	Shima Tract	Right	Dry land levee along east end of Shima Tract between agricultural land (west) and a residential area (east).	SJCFCWCD		X			X				X		X	0.47
ST_20_R	Shima Tract	Right	Dry land levee along east end of Shima Tract between agricultural land (west) and a residential area (east).	SJCFCWCD		X			X				X		X	0.78
FS_10_R	Fivemile Slough	Right	Northern levee along Fivemile Slough along south end of Shima Tract with minimal amounts of vegatation, neighboring agricultural area.	RD 2115 Shima Tract		X			X				X		X	0.31
FM_60_L	Fourteenmile Slough	Right	North levee along Fourteenmile Slough along south end of Shima Tract.	RD 2115 Shima Tract		X			X			X	X		X	0.31
FM_50_L	Fourteenmile Slough	Left	Fourteen Mile Slough Closure Structure	n/a										X[3]		0.00
FM_40_L	Fourteenmile Slough	Left	Levee with future plan of implementing Fourteen Mile Slough Closure Structure. Levee will be implemented inland on Wright-Elmwood Tract.	n/a		X			X			X	X		X	0.27
FM_30_L	Fourteenmile Slough	Left	Western levee along Fourteenmile Slough along the east end of Wright-Elmwood Tract. Village West Marina Resort East of Fourteenmile Slough.	n/a			X	X	X				X		X	1.31
TS_30_L	Tenmile Slough	Left	Eastern levee along Tenmile Slough along the boundary between Wright-Elmwood Tract and Sargen-Barnhart Tract. Residential area east of levee.	RD 2074 Sargent-Barnhart Tract		X			X	X			X		X	1.14
TS_20_L	Tenmile Slough	Left	Levee transitioning from Tenmile Slough.	RD 2074 Sargent-Barnhart Tract		X				X	X		X		X	0.27
TS_10_L	Tenmile Slough	Left	Eastern levee along San Joaquin River along the west end Sargent-Barnhart Tract. Residential area east of levee.	RD 2074 Sargent-Barnhart Tract		X				X	X				X	0.68
CR_10_R	Calaveras River	Right	Northern levee along Calaveras River along the south end of Sargent-Barnhart Tract. Residential area north of levee with residential homes close to levee.	SJCFCWCD	X				X						X	0.42
CR_20_R	Calaveras River	Right	Northern levee along Calaveras River along the south end of Sargent-Barnhart Tract. Residential area north of levee with residential homes close to levee.	SJCFCWCD	X				X						X	0.26
CR_30_R	Calaveras River	Right	Northern levee along Calaveras River along the south end of Sargent-Barnhart Tract. Residential area north of levee with residential homes close to levee.	SJCFCWCD	X				X						X	0.71
CR_40_R	Calaveras River	Right	Northern levee along Calaveras River. Residential area north of levee.	SJCFCWCD	X				X						X	0.54
CR_50_R	Calaveras River	Right	Northern levee along Calaveras River. Residential area north of levee.	SJCFCWCD	X				X						X	1.22
CR_60_R	Calaveras River	Right	Northern levee along Calaveras River . Residential area north of levee with school facilities close to levee.	SJCFCWCD	X				X						X	0.25
CR_70_R	Calaveras River	Right	Northern levee along Calaveras River . Residential area north of levee with church facilities close to levee.	SJCFCWCD	X				X						X	0.30

LCMA District
Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

PROPOSED REMEDIATION MEASURES

Levee Reach	Waterway	Bank	Reach Description	Current LMA[1]	Levee Type			Proposed Remediation Measure								Length (miles)
					Federal Levee	Non-Fed to Become Fed	New Levee to Become Fed Levee	New Levee	Seepage Cutoff Wall	Levee Reshaping	Seismic Fix	Levee Raising	Erosion Protection	New Closure Structure	Subsidence Mitigation	
CR_80_R	Calaveras River	Right	Northern levee along Calaveras River. Residential area north of levee with residential homes close to levee.	SJCFCWCD	X				X						X	0.59
CR_10_L	Calaveras River	Left	Southern levee along Calaveras River along the north end of Smith Tract. Residential area south of levee with residential homes close to levee.	SJCFCWCD	X				X						X	0.33
CR_20_L	Calaveras River	Left	Southern levee along Calaveras River along the north end of Smith Tract. Residential area south of levee with residential homes close to levee.	SJCFCWCD	X				X						X	0.90
CR_30_L	Calaveras River	Left	Southern levee along Calaveras River along the north end of Smith Tract. Residential area south of levee with residential homes close to levee.	SJCFCWCD	X				X						X	0.49
CR_40_L	Calaveras River	Left	Southern levee along Calaveras River along the north end of Smith Tract. Residential area south of levee with residential homes close to levee.	SJCFCWCD	X				X	X					X	1.20
CR_50_L	Calaveras River	Left	Southern levee along Calaveras River. Residential area south of levee with school facilities close to levee.	SJCFCWCD	X				X						X	0.32
CR_60_L	Calaveras River	Left	Southern levee along Calaveras River. Residential area south of levee with school facilities close to levee.	SJCFCWCD	X				X						X	0.27
CR_70_L	Calaveras River	Left	Southern levee along Calaveras River. Residential area south of levee with residential homes close to levee.	SJCFCWCD	X				X						X	0.58
SC_30	Smith Canal		Smith Canal Closure Structure	n/a										X[4]		0.00
SJR_10_R	San Joaquin River	Right	Area west of Smith Canal Gate adjacent to Stockton Golf & Country Club.	RD 1614 Smith Tract		X			X			X			X	0.53
SJR_20_R	San Joaquin River	Right	Area east of Smith Canal Gate along Dad's Point connecting to Louis Park.	n/a		X			X			X			X	0.42
SJR_30_R	San Joaquin River	Right	Eastern levee along San Joaquin River along the west end of Boggs Tract. Port of Stockton facilities east of levee.	RD 404 Boggs Tract		X			X	X					X	0.65
SJR_40_R	San Joaquin River	Right	Eastern levee along San Joaquin River along the west end of Boggs Tract. Port of Stockton facilities east of levee.	RD 404 Boggs Tract	X				X						X	0.79
SJR_50_R	San Joaquin River	Right	Eastern levee along San Joaquin River along the west end of Boggs Tract. Port of Stockton facilities east of levee.	RD 404 Boggs Tract	X				X						X	0.33
SJR_60_R	San Joaquin River	Right	Eastern levee along San Joaquin River along the west end of Boggs Tract. Port of Stockton facilities east of levee.	RD 404 Boggs Tract	X				X						X	0.43
SJR_70_R	San Joaquin River	Right	Eastern levee along San Joaquin River along the west end of Boggs Tract. Residential area east of levee with former Van Buskirk Park close to levee.	RD 404 Boggs Tract	X				X						X	0.75
FCS_10_R	French Camp Slough	Right	Northern levee along French Camp Slough along the south end of Boggs Tract. Residential area north of levee with former Van Buskirk Park close to levee.	RD 404 Boggs Tract	X				X						X	1.84

LCMA District
Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

PROPOSED REMEDIATION MEASURES

Levee Reach	Waterway	Bank	Reach Description	Current LMA[1]	Levee Type			Proposed Remediation Measure								Length (miles)
					Federal Levee	Non-Fed to Become Fed	New Levee to Become Fed Levee	New Levee	Seepage Cutoff Wall	Levee Reshaping	Seismic Fix	Levee Raising	Erosion Protection	New Closure Structure	Subsidence Mitigation	
DC_10_R	Duck Creek	Right	Northern levee along Duck Creek east of I-5. Commercial and residential areas north of levee.	SJCFCWCD	X				X						X	0.15
DC_20_R	Duck Creek	Right	Northern levee along Duck Creek. Commercial and residential areas north of levee.	n/a			X	X	X						X	0.43
DC_30_R	Duck Creek	Right	Northern levee along Duck Creek. Commercial and residential areas north of levee.	n/a			X	X	X						X	0.27
				Levee Mile Totals:	**12.67**	**7.77**	**2.01**	**2.01**	**21.51**	**3.94**	**0.94**	**3.48**	**4.86**	**0.00**	**22.45**	**22.45**

Notes:

(1) LMA = Local Maintaining Agency
(2) SJCFCWCD = San Joaquin County Flood Control and Water Conservation District
*(3) For the purposes of this Technical Memorandum, the evaluation of O&M costs attributed to the new closure structure at Fourteenmile Slough was **not** performed*
*(4) For the purposes of this Technical Memorandum, the evaluation of O&M costs attributed to the new closure structure at Smith Canal was **not** performed*

Levee Construction and Maintenance Assessment District

Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

EXHIBIT 2

Unit Cost Calculations

LCMA District
Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

UNIT COST CALCULATIONS

ROCK SLOPE PROTECTION
OPINION OF PROBABLE COSTS

Item	Description	Qty	Unit	Unit Price	Total
Construction					**$94,300**
1.	Mobilization			3%	$2,700
2.	Erosion Control			3%	$2,700
3.	Clearing and Grubbing	0.22	AC	$5,000	$1,100
4.	Quarry Stone Riprap	1,000	TN	$70	$70,000
5.	Miscellaneous			25%	$17,800
Soft Costs				30%	**$28,300**
Contingency				30%	**$36,800**
				Total Cost:	**$159,400**
				Unit Cost:	**$159**

LEVEE FILL
OPINION OF PROBABLE COSTS

Item	Description	Qty	Unit	Unit Price	Total
Construction					**$44,500**
1.	Mobilization			3%	$1,300
2.	Erosion Control			3%	$1,300
3.	Clearing and Grubbing	0.69	AC	$5,000	$3,500
4.	Levee Fill	1,000	TN	$30	$30,000
5.	Miscellaneous			25%	$8,400
Soft Costs				30%	**$13,400**
Contingency				30%	**$17,400**
				Total Cost:	**$75,300**
				Unit Cost:	**$75**

AGGREGATE BASE
OPINION OF PROBABLE COSTS

Item	Description	Qty	Unit	Unit Price	Total
Construction					**$53,000**
1.	Mobilization			3%	$1,500
2.	Erosion Control			3%	$1,500
3.	Aggregate Base	1,000	TN	$40	$40,000
4.	Miscellaneous			25%	$10,000
Soft Costs				30%	**$15,900**
Contingency				30%	**$20,700**
				Total Cost:	**$89,600**
				Unit Cost:	**$90**

Levee Construction and Maintenance Assessment District

Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

EXHIBIT 3

Summary of Vegetation Management Costs
Delta Levees Subventions Maintenance Program
FY 2011-12 to FY 2020-21

LCMA District
Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

SUMMARY OF VEGETATION MANAGEMENT COSTS
DWR DELTA LEVEES SUBVENTIONS MAINTENANCE PROGRAM
FY 2011-12 TO FY 2020-21

RD No.	RD Name	Vegetation Management Costs per Fiscal Year[1]										Levee Miles
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
1	Union - East	$74,116	$118,742	$108,702	$108,063	$84,222	$104,544	$45,335	$65,573	$61,268	$81,357	14.0
2	Union - West	$12,224	$7,399	$38,411	$36,221	$16,123	$0	$49,939	$12,195	$27,855	$13,313	16.2
307	Lisbon	$49,800	$32,010	$16,320	$18,000	$20,840	$29,107	$24,999	$25,585	$25,217	$26,803	6.6
403	Rough & Ready	$0	$0	$0	$0	$0	$0	$0	$93	$0	$1,713	6.8
404	Boggs	$499	$1,401	$1,746	$1,565	$1,379	$6,284	$1,733	$1,269	$1,814	$8,225	0.7
501	Ryer	$25,633	$61,642	$31,432	$31,377	$32,540	$7,379	$27,212	$38,469	$31,230	$48,406	20.6
524	Middle Roberts	$18,800	$17,725	$54,262	$33,905	$34	$19,033	$20,860	$37,574	$22,611	$86,512	9.7
544	Upper Roberts	$119,393	$7,069	$0	$44,499	n.r. [2]	$0	$211,413	$52,812	$46,646	$81,895	15.0
563	Tyler	$66,117	$46,868	$40,013	$40,372	$63,964	$87,344	$68,675	$68,182	$49,581	$41,744	22.9
773	Fabian	$21,145	$22,829	$13,770	$38,572	$121,726	$16,092	$59,719	$97,485	$100,003	$83,732	18.8
800	Byron	$39,401	$40,919	$35,991	$37,180	$32,522	$28,932	$52,156	$52,625	$54,139	$47,568	9.7
828	Weber	n.r.	n.r.	$0	$0	$31,022	$32,903	$14,462	$34,581	$3,711	$2,540	1.7
1601	Twitchell	$36,910	$28,303	$35,388	$27,723	$22,720	$29,925	$12,806	$32,291	$38,439	$11,536	11.9
1608	Lincoln Village West	n.r.	n.r.	n.r.	$46,662	$15,342	$17,657	$23,424	$18,554	$71,668	$56,577	3.6
1614	Smith	$15,713	$13,909	$0	$73	$324	$0	$0	$0	$1,894	$1,844	2.8
2023	Venice	$20,975	$42,138	$52,695	$7,577	$1,674	$24,653	$23,577	$21,132	$57,944	$39,065	12.3
2027	Mandeville	$30,290	$24,262	$18,990	$34,370	n.r.	$32,836	$46,170	$38,847	$30,548	$32,854	14.3
2030	McDonald	$13,132	$27,269	$18,468	$35,712	$59,194	$51,898	$34,906	$45,349	$28,870	$74,148	13.7
2040	Victoria	$20,204	$52,456	$129,191	$61,294	$19,596	$20,002	$9,781	$46,446	$21,470	$13,412	15.1
2042	Bishop	$18,770	$25,335	$16,404	$0	$12,823	$29,175	$17,632	$55,709	$56,888	$82,489	7.8
2089	Stark	$11,275	$18,250	$6,850	$7,450	$31,925	$503	$8,167	$320	$41	$1,073	3.5
2090	Quimby	$35,232	$30,419	$8,020	$19,821	n.r.	$438	n.r.	n.r.	n.r.	n.r.	7.0
2111	Dead Horse	$0	$0	n.r.	n.r.	$0	$0	$0	$0	$0	$0	2.6
2113	Fay	$32,478	$32,725	$10,982	$8,712	$7,988	$8,245	$7,740	$12,426	$18,633	$48,533	1.6
2115	Shima	$0	n.r.	n.r.	n.r.	$0	$381	$0	$0	$0	$0	6.6
2117	Coney	n.r.	n.r.	n.r.	n.r.	n.r.	$0	$8,164	$20,558	$37,892	$14,259	5.4
2119	Wright-Elmwood	$8,350	$16,642	$23,401	$20,886	$15,501	$21,982	$22,130	$10,243	$26,970	$16,938	7.1
2126	Atlas	$7,170	$300	$16,769	$34	$9,344	$6,497	$11,086	$8,687	$30,504	$14,132	3.0
Subtotal Cost (cost year varies)[3]:		**$677,629**	**$668,611**	**$677,804**	**$660,068**	**$600,802**	**$575,811**	**$802,085**	**$797,005**	**$845,834**	**$930,667**	**261.0**
ENR CCI (cost year varies):		9,290.00	9,542.33	9,800.38	10,036.38	10,337.05	10,702.81	11,068.35	11,268.48	11,436.23	12,112.05	
ENR CCI (Jan 2023):		13,175.03	13,175.03	13,175.03	13,175.03	13,175.03	13,175.03	13,175.03	13,175.03	13,175.03	13,175.03	
Escalation Factor:		1.4182	1.3807	1.3443	1.3127	1.2745	1.2310	1.1903	1.1692	1.1520	1.0878	
Total Cost (2023$)[4]:		**$961,009**	**$923,147**	**$911,198**	**$866,490**	**$765,749**	**$708,817**	**$954,748**	**$931,853**	**$974,437**	**$1,012,344**	**261.0**
Cost per Levee Mile (2023$):		***$3,839***	***$3,788***	***$3,753***	***$3,517***	***$3,492***	***$2,716***	***$3,759***	***$3,669***	***$3,836***	***$3,986***	
Average (2023$):		***$3,635 per levee mile per year***										

Notes:

(1) Annual costs were derived from the "Levee Vegetation Control and Management" costs as shown in the final claims from 28 reclamation districts within the Delta through the DWR Delta Levees Subventions Maintenance Program.

(2) n.r. = not recorded. Not all records were available for all reclamation districts and all years.

(3) Subtotal costs are based on dollars specific to each fiscal year shown and have not been escalated.

(4) Total costs have been escalated to 2023 dollars using ENR-published Construction Cost Indecies (CCIs).

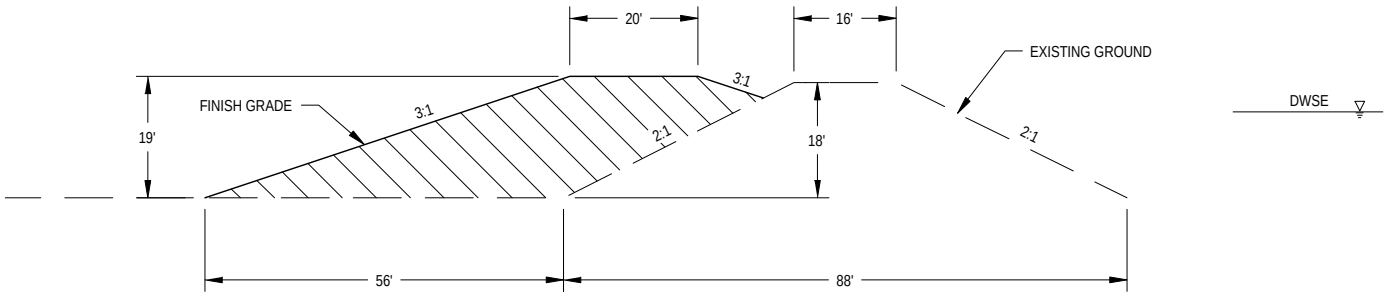
Levee Construction and Maintenance Assessment District

Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

EXHIBIT 4

Basis of Levee Footprint Calculations

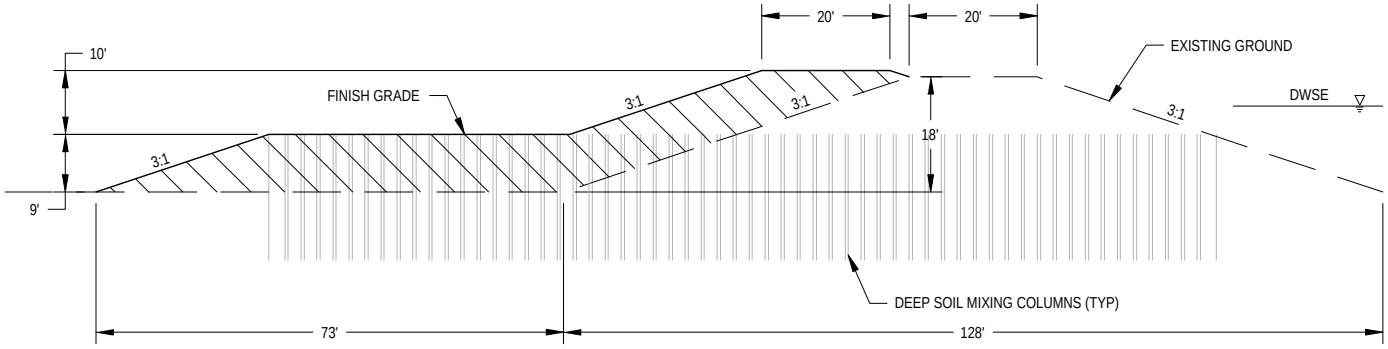
LEVEE RESHAPING



FOOTPRINT CALCULATIONS:

PRE-CONSTRUCTION WIDTH:	88 FEET + 20 FEET LANDSIDE RIGHT-OF-WAY =	108 FEET
POST-CONSTRUCTION WIDTH:	88 FEET + 56 FEET + 20 FEET LANDSIDE RIGHT-OF WAY =	164 FEET
DIFFERENCE:	+51.9%	

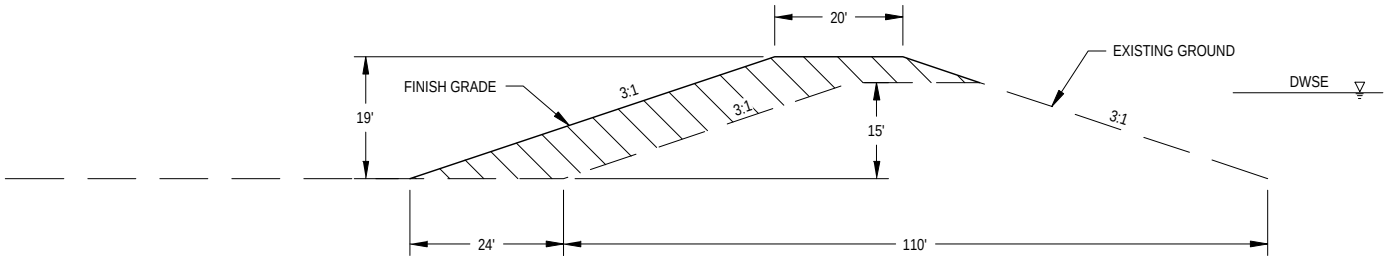
SEISMIC FIX



FOOTPRINT CALCULATIONS:

PRE-CONSTRUCTION WIDTH:	128 FEET + 20 FEET LANDSIDE RIGHT-OF-WAY =	148 FEET
POST-CONSTRUCTION WIDTH:	128 FEET + 73 FEET + 20 FEET LANDSIDE RIGHT-OF WAY =	221 FEET
DIFFERENCE:	+49.3%	

LEVEE RAISE



FOOTPRINT CALCULATIONS:

PRE-CONSTRUCTION WIDTH:	110 FEET + 20 FEET LANDSIDE RIGHT-OF-WAY =	130 FEET
POST-CONSTRUCTION WIDTH:	110 FEET + 24 FEET + 20 FEET LANDSIDE RIGHT-OF WAY =	154 FEET
DIFFERENCE:	+18.5%	

KJELDSEN SINNOCK NEUDECK
CIVIL ENGINEERS & LAND SURVEYORS
www.ksninc.com
711 N. Pershing Avenue
Stockton, CA 95203
209-946-0268
1550 Harbor Blvd., Suite 212
West Sacramento, CA 95691
916-403-5900

SJAFCA / SJCFCWCD
ZONE 9 OVERLAY ASSESSMENT
LOWER SAN JOAQUIN RIVER PROJECT O&M
BASIS OF FOOTPRINT CALCULATIONS

DRAWING SCALE: N.T.S.
ORIG. DRAWING SCALE: 0 ¼" ½"
EXHIBIT NO.: 1
PAGE NO.: 1

FILE SPEC: P:\2494_SJCFCWCD_Zone_9_Assessment\0010_SJAFCA LSJRP O&M\08_Civil\400_Plans\020_CAD\Exhibits\Exh_Basis of Calcs.dwg
PLOT DATE: Feb 01, 2023 - 9:34am

Levee Construction and Maintenance Assessment District

Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

EXHIBIT 5

Overall Incremental O&M Annual Costs

LCMA District
Incremental Operations and Maintenance Costs
Lower San Joaquin River Project

OVERALL INCREMENTAL O&M ANNUAL COSTS

				Incremental O&M Annual Cost per Proposed Remediation Measure									
Levee Reach	Waterway	Bank	Length (miles)	New Levee	Seepage Cutoff Wall	Levee Reshaping	Seismic Fix	Levee Raising	Erosion Protection	New Closure Structure	Subsidence Mitigation	Total Incremental O&M Annual Cost
MC_10_L	Mosher Slough	Left	1.22	$0	$0	$0	$0	$818	$0	$0	$12,161	$12,979
MC_20_L	Mosher Slough	Left	0.74	$0	$0	$0	$0	$496	$0	$0	$7,365	$7,861
ST_10_R	Shima Tract	Right	0.47	$0	$0	$0	$0	$0	$1,878	$0	$4,700	$6,577
ST_20_R	Shima Tract	Right	0.78	$0	$0	$0	$0	$0	$3,111	$0	$7,786	$10,897
FS_10_R	Fivemile Slough	Right	0.31	$0	$0	$0	$0	$0	$1,225	$0	$3,066	$4,291
FM_60_L	Fourteenmile Slough	Right	0.31	$0	$0	$0	$0	$208	$1,233	$0	$3,087	$4,527
FM_50_L	Fourteenmile Slough	Left	0.00	$0	$0	$0	$0	$0	$0	$0[(1)]	$0	$0[(1)]
FM_40_L	Fourteenmile Slough	Left	0.27	$0	$0	$0	$0	$183	$1,084	$0	$2,713	$3,979
FM_30_L	Fourteenmile Slough	Left	1.31	$111,586	$0	$0	$0	$0	$5,227	$0	$13,083	$129,896
TS_30_L	Tenmile Slough	Left	1.14	$0	$0	$2,144	$0	$0	$4,531	$0	$11,341	$18,016
TS_20_L	Tenmile Slough	Left	0.27	$0	$0	$506	$482	$0	$1,070	$0	$2,679	$4,737
TS_10_L	Tenmile Slough	Left	0.68	$0	$0	$1,273	$1,211	$0	$0	$0	$6,736	$9,220
CR_10_R	Calaveras River	Right	0.42	$0	$0	$0	$0	$0	$0	$0	$4,175	$4,175
CR_20_R	Calaveras River	Right	0.26	$0	$0	$0	$0	$0	$0	$0	$2,618	$2,618
CR_30_R	Calaveras River	Right	0.71	$0	$0	$0	$0	$0	$0	$0	$7,038	$7,038
CR_40_R	Calaveras River	Right	0.54	$0	$0	$0	$0	$0	$0	$0	$5,434	$5,434
CR_50_R	Calaveras River	Right	1.22	$0	$0	$0	$0	$0	$0	$0	$12,135	$12,135
CR_60_R	Calaveras River	Right	0.25	$0	$0	$0	$0	$0	$0	$0	$2,539	$2,539
CR_70_R	Calaveras River	Right	0.30	$0	$0	$0	$0	$0	$0	$0	$3,000	$3,000
CR_80_R	Calaveras River	Right	0.59	$0	$0	$0	$0	$0	$0	$0	$5,844	$5,844
CR_10_L	Calaveras River	Left	0.33	$0	$0	$0	$0	$0	$0	$0	$3,279	$3,279
CR_20_L	Calaveras River	Left	0.90	$0	$0	$0	$0	$0	$0	$0	$8,993	$8,993
CR_30_L	Calaveras River	Left	0.49	$0	$0	$0	$0	$0	$0	$0	$4,870	$4,870
CR_40_L	Calaveras River	Left	1.20	$0	$0	$2,271	$0	$0	$0	$0	$12,017	$14,289
CR_50_L	Calaveras River	Left	0.32	$0	$0	$0	$0	$0	$0	$0	$3,149	$3,149
CR_60_L	Calaveras River	Left	0.27	$0	$0	$0	$0	$0	$0	$0	$2,731	$2,731
CR_70_L	Calaveras River	Left	0.58	$0	$0	$0	$0	$0	$0	$0	$5,761	$5,761
SC_30	Smith Canal		0.00	$0	$0	$0	$0	$0	$0	$0[(2)]	$0	$0[(2)]
SJR_10_R	San Joaquin River	Right	0.53	$0	$0	$0	$0	$353	$0	$0	$5,242	$5,595
SJR_20_R	San Joaquin River	Right	0.42	$0	$0	$0	$0	$281	$0	$0	$4,178	$4,460
SJR_30_R	San Joaquin River	Right	0.65	$0	$0	$1,224	$0	$0	$0	$0	$6,475	$7,699
SJR_40_R	San Joaquin River	Right	0.79	$0	$0	$0	$0	$0	$0	$0	$7,884	$7,884
SJR_50_R	San Joaquin River	Right	0.33	$0	$0	$0	$0	$0	$0	$0	$3,332	$3,332
SJR_60_R	San Joaquin River	Right	0.43	$0	$0	$0	$0	$0	$0	$0	$4,301	$4,301
SJR_70_R	San Joaquin River	Right	0.75	$0	$0	$0	$0	$0	$0	$0	$7,446	$7,446
FCS_10_R	French Camp Slough	Right	1.84	$0	$0	$0	$0	$0	$0	$0	$18,317	$18,317
DC_10_R	Duck Creek	Right	0.15	$0	$0	$0	$0	$0	$0	$0	$1,500	$1,500
DC_20_R	Duck Creek	Right	0.43	$36,411	$0	$0	$0	$0	$0	$0	$4,269	$40,680
DC_30_R	Duck Creek	Right	0.27	$22,636	$0	$0	$0	$0	$0	$0	$2,654	$25,290
	Totals:		**22.45**	**$170,634**	**$0**	**$7,418**	**$1,693**	**$2,338**	**$19,360**	**$0**	**$223,898**	**$425,340**

Notes:

*(1) For the purposes of this Technical Memorandum, the evaluation of O&M costs attributed to the new closure structure at Fourteenmile Slough was **not** performed*

*(2) For the purposes of this Technical Memorandum, the evaluation of O&M costs attributed to the new closure structure at Smith Canal was **not** performed*

San Joaquin Area
Flood Control Agency

Levee Construction and Maintenance Assessment (LCMA)

Appendix B
LCMA Cash Flow and Financing Analysis

SAN JOAQUIN COUNTY
Greatness grows here.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

San Joaquin Area Flood Control Agency

Date: June 15, 2023

Appendix B
Levee Capital and Maintenance Assessment (LCMA)
Cash Flow and Financing Plan Analysis ($1,000's)

	Total	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
N/C Stockton Flood Program - Beginning Balance [1]		2,218	1,904	5,359	7,468	9,285	7,581	5,905	5,643	4,101	3,447	5,499	4,967	13,968	7,521	8,975	6,949	5,878	62,927	38,095	20,763	19,259	12,595	5,871	-594	-337	519	1,578	3,245
LSJRP - USACE Authorized Program Expenditures																													
Funding Implementation Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SJAFCA Net Contribution Required [2]	119,750	134	1,507	452	1,038	4,680	4,696	3,417	4,730	3,610	960	3,692	4,175	9,025	1,278	4,913	4,120	6,164	23,991	16,663	1,012	6,352	6,597	6,528	0	0	0	0	0
Operational Soft Costs [3]	24,270	180	450	800	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	600	600	200	200
Operations and Maintenance																													
Incremental O&M for LSJRP	36,165	0	90	374	383	415	526	552	682	1,081	1,196	1,225	1,388	1,467	1,502	1,539	1,576	1,614	1,653	1,693	1,734	1,776	1,819	1,863	1,909	1,955	2,002	2,051	2,100
Smith Canal Gate [4]																													
SCAAD Assessment Revenue Bond Redemption	24,498	0	24,498	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	204,683	314	26,544	1,626	2,421	6,094	6,221	4,969	6,412	5,691	3,157	5,917	6,563	11,492	3,780	7,452	6,696	8,778	26,644	19,357	3,746	9,129	9,417	9,392	2,909	2,555	2,602	2,251	2,300
State Sources																													
State TBD for N-C Stockton Additional Flood Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Sources																													
Proposed LCMA Assessment Net Revenues for Capital Services [4]	220,274	0	0	6,200	6,349	6,501	6,657	6,817	6,981	7,148	7,320	7,495	7,675	7,859	8,048	8,241	8,439	8,642	8,849	9,061	9,279	9,501	9,730	9,963	10,202	10,447	10,698	10,954	11,217
Total LSJR Revenues	220,274	0	0	6,200	6,349	6,501	6,657	6,817	6,981	7,148	7,320	7,495	7,675	7,859	8,048	8,241	8,439	8,642	8,849	9,061	9,279	9,501	9,730	9,963	10,202	10,447	10,698	10,954	11,217
Program Financing: Assessment District Borrowing																													
Proceeds from Bond Issuance [5]	100,000	0	30,000	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0	60,000	0	0	0	0	0	0	0	0	0	0	0
Debt Service Costs [6]	-112,939	0	0	-2,466	-2,111	-2,111	-2,111	-2,111	-2,111	-2,111	-2,111	-2,111	-2,111	-2,814	-2,814	-2,814	-2,814	-2,814	-7,037	-7,037	-7,037	-7,037	-7,037	-7,037	-7,037	-7,037	-7,037	-7,037	-7,037
N/C Stockton Program - Preliminary Ending Balance		1,904	5,359	7,468	9,285	7,581	5,905	5,643	4,101	3,447	5,499	4,967	13,968	7,521	8,975	6,949	5,878	62,927	38,095	20,763	19,259	12,595	5,871	-594	-337	519	1,578	3,245	5,125

[1] Beginning balance in 2022 is based on annual FY 2022/23 budget adopted by SJAFCA

[2] Combination of cash, LERRDs contribution net of funding provided (cash to USACE under DA totals $666,192.46 thru 4/30/2021), and expected credit (e.g. Smith Canal Gate); LERRDs split at NFS cost share amounts; Internal SJAFCA cost, G&A, and consultant costs are credit not accounted for as part of this line item but the upfront cash requirement is captured under "Operational Soft Costs"

[3] Soft costs include SJAFCA staff and consultants (e.g. CEQA, project management, technical review and assistance) for costs not likely to be creditable to the Federal Project; Assume 4 FTEs at peak and tapers following project completion; Assume no assessment administration which would be captured in the LCMA budget; Assumes no long-term G&A costs.

[4] Annual escalation assumed at 2.4% (consistent with the authorized escalation described in the Engineer's Report.)

[5] Assumes SJAFCA will issue new debt secured by LCMA revenues to redeem outstanding SCAAD series 2019 bonds.

[6] Assumes three Bond Issues in 2023, 2033, 2038, that generate net proceeds of $30M, $10M, and $60M, respectively.

[7] Assumes level debt service for all bond issuances.

Source Model: 1820000_2023 0123_N-C_Stockton_LSJRP_Financing_Model

San Joaquin Area
Flood Control Agency

Levee Construction and Maintenance Assessment (LCMA)

Appendix C
LCMA Floodplain Analysis, March 16, 2023
(Prepared by R&F Engineering)

SAN JOAQUIN COUNTY
Greatness grows here.

San Joaquin Area Flood Control Agency
Date: June 15, 2023

Levee Construction and Maintenance Assessment (LCMA) Floodplain Analysis

Prepared for: San Joaquin Area Flood Control Agency

Date: March 16, 2023

Prepared by: Brittney O'Connell, PE and Baron Creager, PE

Reviewed by: Mike Rossiter, PE

Introduction

The San Joaquin Area Flood Control Agency (SJAFCA) is advancing a combined assessment district, known as the Levee Construction and Maintenance Assessment (LCMA) District, to fund the (1) additional Operations & Maintenance (O&M) needs of the San Joaquin County Flood Control and Water Conservation District Zone 9 (Zone 9) maintained project levees and (2) the local cost share component associated with the flood risk reduction measures being implemented as part of the U.S. Army Corps of Engineers (USACE) Lower San Joaquin River Project (LSJRP).

As part of the assessment district formation process, R&F Engineering Inc. (R&F) was retained by Larsen Wurzel & Associates (LWA) to assist with floodplain analyses to inform the proportionate level of special benefit that each parcel within the proposed assessment will receive from the activities being funded by LCMA.

The floodplain analysis will be used to identify: which parcels would potentially be flooded from a breach on a LSJRP levee or a Zone 9-maintained project levee, to what extent would the parcel be flooded, what flood depths would the parcel experience, and how many levee miles is each parcel relying on to protect it from flooding.

This Technical Memorandum (TM) outlines the data sources and methodology of R&F's floodplain analyses. Throughout the TM, the O&M of Zone 9 project levees will be referred to as the "O&M services" and the work being completed as part of the USACE LSJRP will be referred to as "capital improvements".

Baseline Data

To the extent available, existing analyses were used to estimate the floodplain depths and extents for this effort. The following subsections summarize the data sources that were used for the floodplain analyses as part of defining the benefit areas for the O&M services and the capital improvements.

O&M Services

The floodplains for the O&M analysis originated from two sources: the California Department of Water Resources (DWR) Central Valley Floodplain Evaluation and Delineation (CVFED) Task Order (TO) 306 analysis[1] and the Peterson Brustad Inc. (PBI) floodplain analysis[2].

As part of DWR's TO306 work, a hydraulic model was developed and various levee breach scenarios were analyzed. The model and levee breach scenarios covers a large portion of the SJAFCA LCMA study area. The primary resources used for this DWR analyses include:

- DWR Central Valley Floodplain evaluation and Delineation (CVFED) TO306 FLO2D model
- DWR's CVFED TO24 and HEC-RAS v4.1 model[3]
- United States Army Corps of Engineers (USACE) Lower San Joaquin River Feasibility Study (LSJRFS)[4] hydrologic analysis

For the portion of the LCMA study area that was not covered by the CVFED analyses, PBI developed a 1D/2D HEC-RAS 5.0 model from the DWR CVFED HEC-RAS 4.1 model to perform additional levee breach scenarios.

PBI breach parameters were set to match the parameters used in the CVFED analyses. Breach formation time was set to be instant, breach width set to be equal to 50 times the levee height, and breaches were set to erode to the elevation of the landside toe of the levee. The 1D reaches from the DWR HEC-RAS 4.1 model were not altered when updating to the 1D/2D HEC-RAS 5.0 model. The modifications to the model included converting overbank areas to a 2D mesh using the following steps:

- Importing DWR's 1-meter resolution CVFED LiDAR ground elevation data[5] into the model
- Converting 1D storage areas to 2D gridded flow areas at 250ft x 250ft resolution

[1] DWR. CVFED TO 306: Technical Memorandum- Hydraulic Analysis for 200-Year Floodplain Inundation Data in Technical Support of Local Communities, prepared by HDR, Inc., December 2014.
[2] PBI. FloodCALM Assessment District Floodplain Analysis. August 2019.
[3] DWR. CVFED Program for the Lower San Joaquin River: Task Orders 24 and 25, Technical Memorandum Lower San Joaquin River System HEC-RAS Model Development, Prepared by HDR, Inc., February 2010.
[4] USACE Lower San Joaquin River Feasibility Study F3 Hydrology Appendix, prepared by PBI, July 2012.
[5] HDR Engineering, Inc. CVFED LiDAR Data, Task Order 20, "Secondary LiDAR Post Processing in Support of Hydraulic Model Development", June 2010.

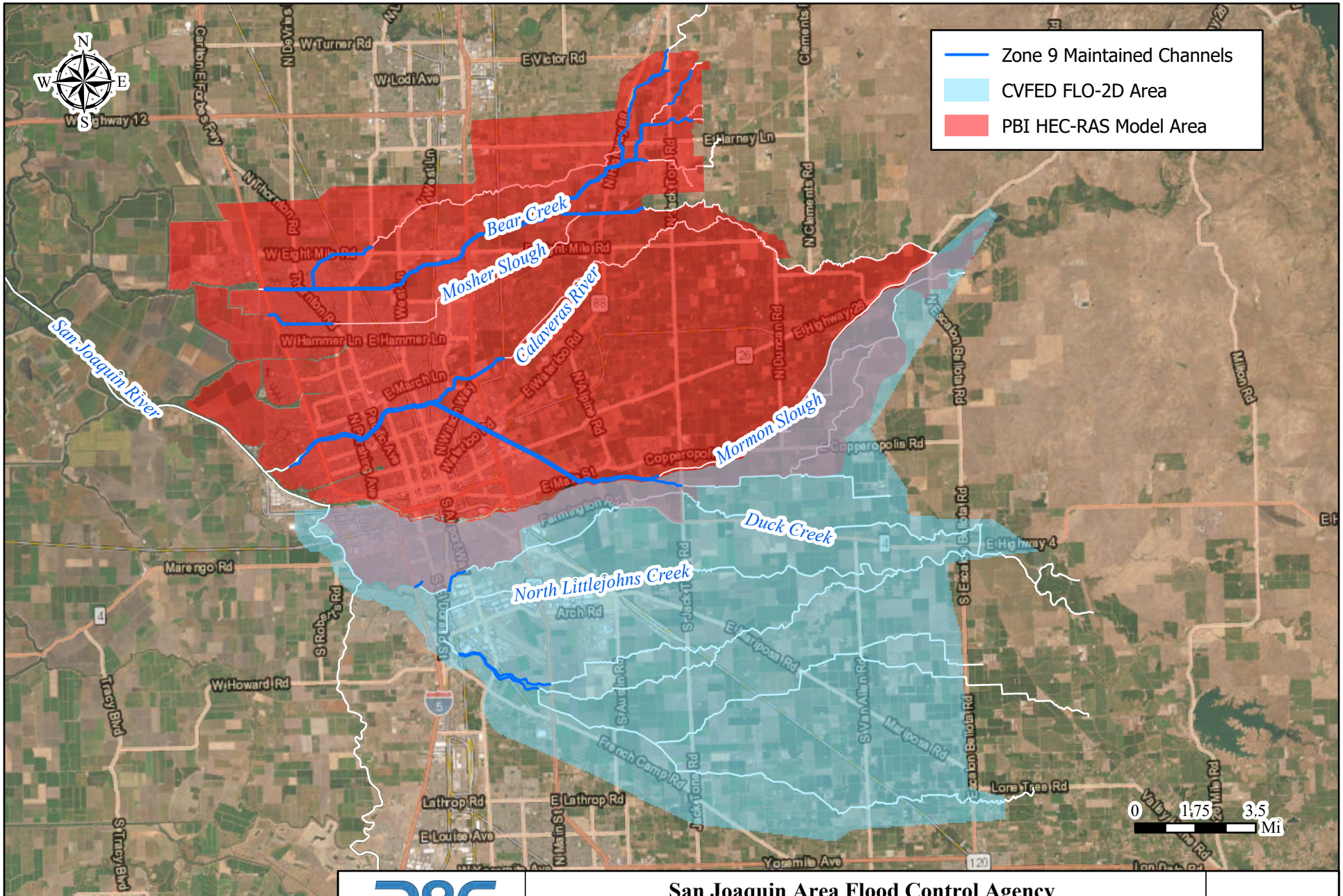
- Assigning Manning's n values for the overland 2D areas based on land use type. San Joaquin County zoning GIS data[6] was used to identify land use types in the floodplain. Guidance from the DWR CVFED FLO2D analysis was used in assigning n-values to the various land use types.

Figure 1 shows the extents of the CVFED and PBI modeling that was used to support the O&M floodplain analysis.

Capital Improvements

The floodplains for the USACE LSJRP capital improvement area originated from the USACE Risk and Uncertainty (R&U) composite floodplains developed as part of the USACE Lower San Joaquin River Feasibility Study (LSJRFS)[7]. The USACE composite floodplains were developed to compare the extents of flooding with- and without the LSJRP (Phase 1) improvements in place.

[6] San Joaquin County. "Zoning.shp". GIS Shapefile Acquired July 2015.
[7] USACE. Integrated Interim Feasibility Report/ Environmental Impact Statement/ Environmental Impact Report. San Joaquin River Basin, Lower San Joaquin River.



R&F ENGINEERING
2270 Douglas Blvd, Suite 118
Roseville, CA 95661
(209)304-1739

San Joaquin Area Flood Control Agency

O&M Services
Models Supporting Evaluation of Benefit from O&M

Figure 1

Date: 2/3/2023

Path: C:\Users\NickMcGuire\R&F Engineering, Inc\R&F Engineering - Documents\4.0 GIS\Project\SJAFCA\LSJR-O&M Assessment\APRX\Presentation Model Extent Figure.aprx

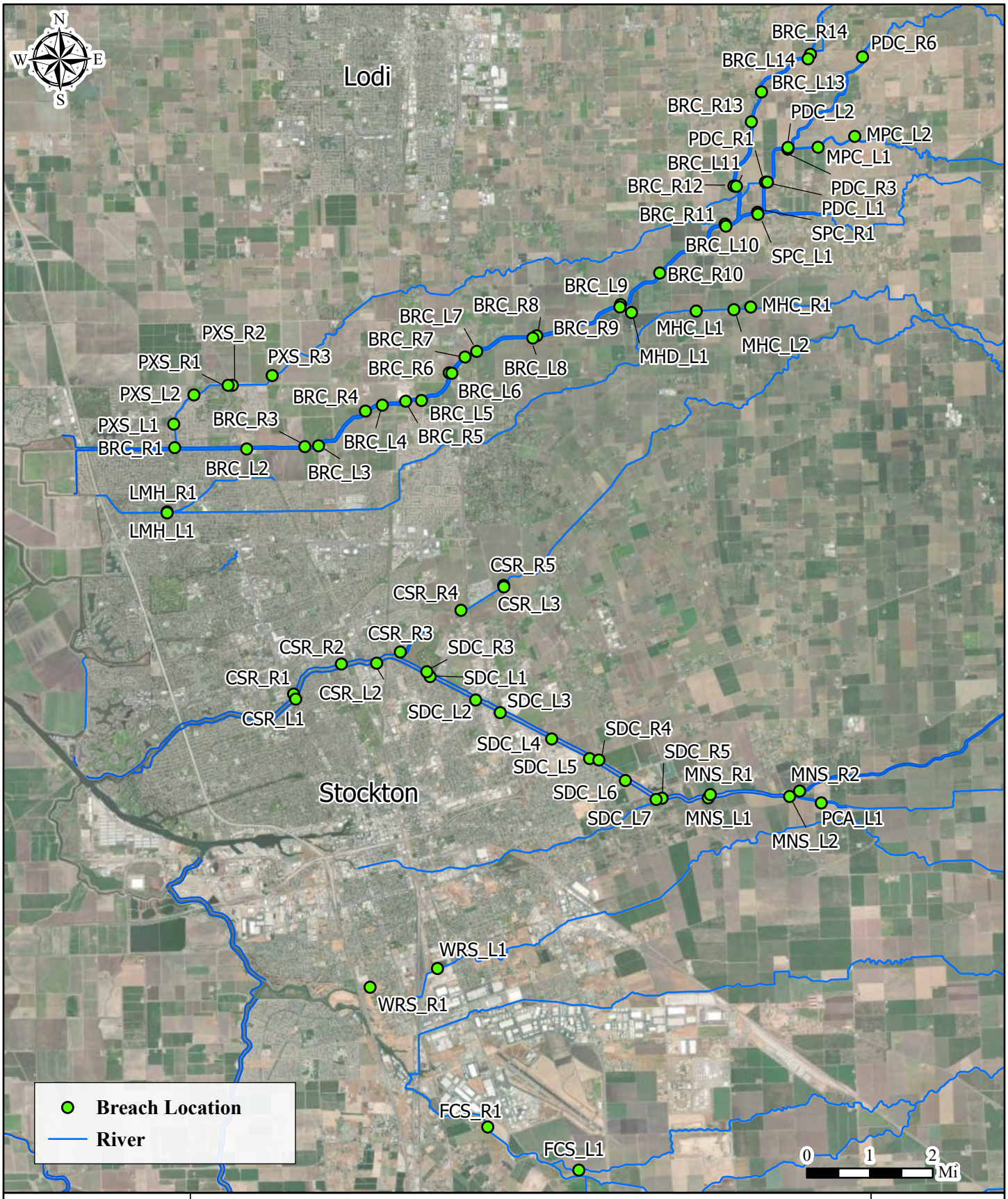
Methodology

The following subsections summarize the methodology used to help identify proportionate benefit provided to each parcel from the O&M services and from the USACE LSJRP capital improvements.

O&M Services

To identify the areas protected by Zone 9-maintained project levees, a levee breach modeling analysis was conducted to identify flood extents and depths that would result in a levee failure scenario on these levees. A total of 72 breach scenarios were completed to represent flooding that could occur if a Zone 9-maintained levee were to fail at a specific location within the system. A 200-year flow event was used as the basis of the breach analysis to show the potential floodplains in a scenario where the system was flowing full. Figure 2 provides an overview of the breach locations included in this analysis

The DWR CVFED modeling covered 54 breach scenarios throughout the study area. A portion of the levee on the Calaveras River downstream of Brookside Road is maintained by others and that portion was excluded from the breach analysis. The PBI model covered the 18 additional breach locations (for a total of 72 breach scenarios) . A channel overtopping scenario was also included in this analysis to determine flood depths that result without levee breaches when the channels exceed their capacity. As the channel overtopping is not prevented by Levee O&M services, this additional scenario was ultimately not utilized in LWA's analysis of special benefits.



R&F ENGINEERING
2270 Douglas Blvd, Suite 118
Roseville, CA 95661
(209)304-1739

San Joaquin Area Flood Control Agency

Breach Location Overview for Zone 9 O&M Project Levees

Figure 2

Date: 2/3/2023

Path: C:\Users\NickMcGuire\R&F Engineering, Inc\R&F Engineering - Documents\4.0 GIS\Project\SJAFCA\LSJR-O&M Assessment\APRX\Breach Location\Breach Location.aprx

During the analysis, it was observed that some of the floodplains from the DWR CVFED FLO2D model needed to be refined due to the coarse resolution of the model grid cells (250ft x 250ft). Parcels adjacent to levees and waterways were not captured as being within the floodplain due to the model's grid cell size. Refinements were made within GIS to assign flood depths to these areas by interpolating adjacent flooded cells. An example of this correction is shown below in Figures 3 & 4.

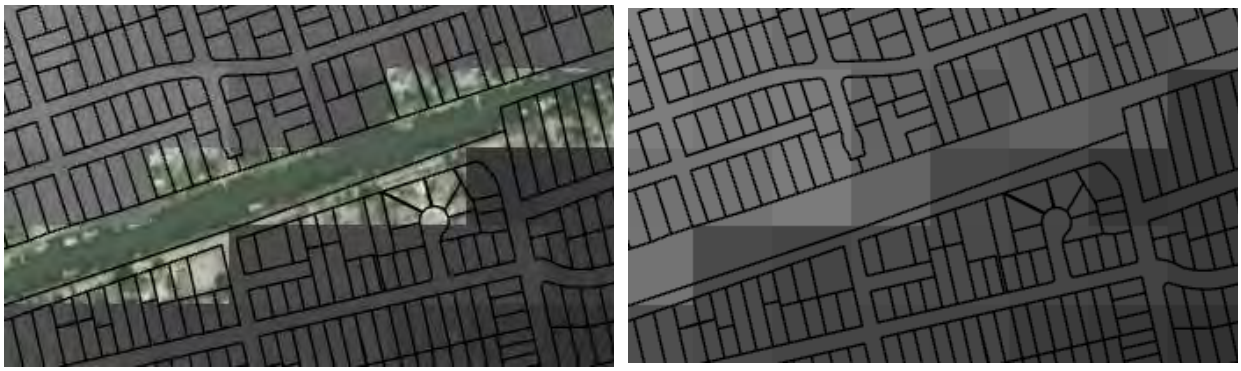


Figure 3 (left) & Figure 4 (right): FLO2D Floodplain Shows No Flooding in Various Parcels Along the landside levee toes (Left). And Modified Floodplain to More Accurately Estimate Flooding in Parcels Along the Levee toes (Right).

To generate flooding statistics for each parcel in the study area, GIS shapefiles with parcel-level data were generated for the 72 levee breach scenarios. The parcel-level data include the average floodplain depth (feet) and total wetted area (acres) for each parcel and each scenario, as described in Attachment A.

Additionally, levee reaches (and the corresponding breach scenarios) were categorized by whether they were FEMA accredited, cost-shared with other public entities, and/or if they are USACE Project Levees.

Capital Improvements

To assist in the determination of the proportionate benefit provided to each parcel by the USACE LSJRP capital improvements, floodplain modeling from the USACE LSJRFS for the 100-year flow scenario was used.

A "composite" floodplain was created from the individual levee breach scenarios that were modeled by USACE on levees that are part of the USACE LSJRP. The composite floodplain captures the anticipated worst-case scenario of flooding of all the breach scenarios for each parcel.

Similar to the O&M analysis, GIS shapefiles with parcel-level flooding data were generated and to identify the average floodplain depth (feet) and total wetted area (acres) for each parcel, as presented in Attachment B.

Floodplain Analyses Results

The following subsections and figures summarize the results of the floodplain analyses.

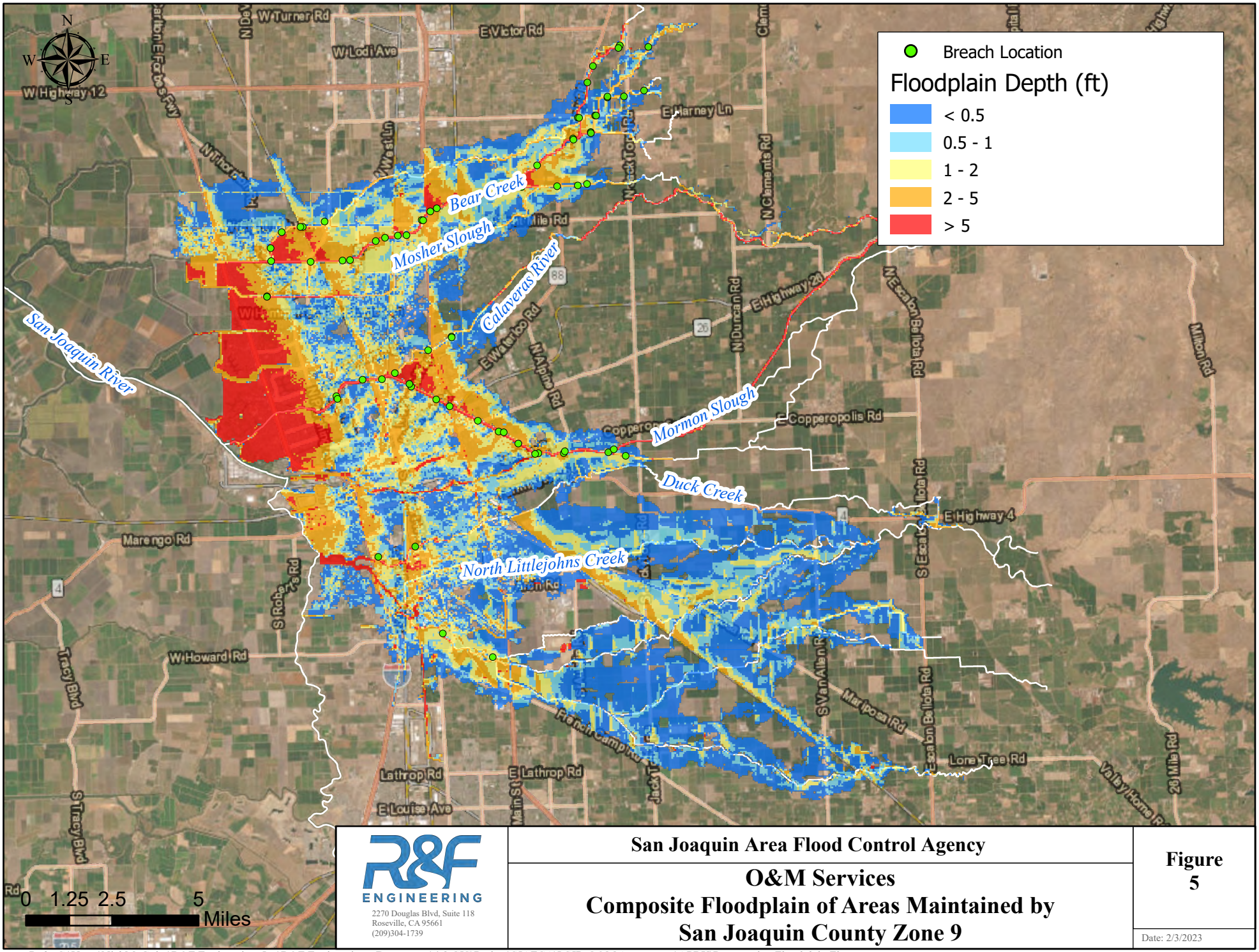
O&M Services

The results of the O&M floodplain analysis are shown in Figure 5 which includes a composite of the 72 individual levee breach scenarios located on Zone 9 maintained Project levees. The map also includes flooding in areas where channels exceed capacity and are overtopped, however this “overtopping” flooding was backed out of LWAs assessment analysis as channel overtopping is not prevented by Levee O&M services.

Capital Improvements

The results of the capital improvement levee breach analysis are shown in Figure 6, which are areas that could be inundated if a levee breach were to occur on a USACE LSJRP levee.

Summaries of parcel-level flooding data for the O&M Services and the USACE LSJRP capital improvements were generated in GIS and are included in Attachments A and B, respectively.



R&F ENGINEERING
2270 Douglas Blvd, Suite 118
Roseville, CA 95661
(209)304-1739

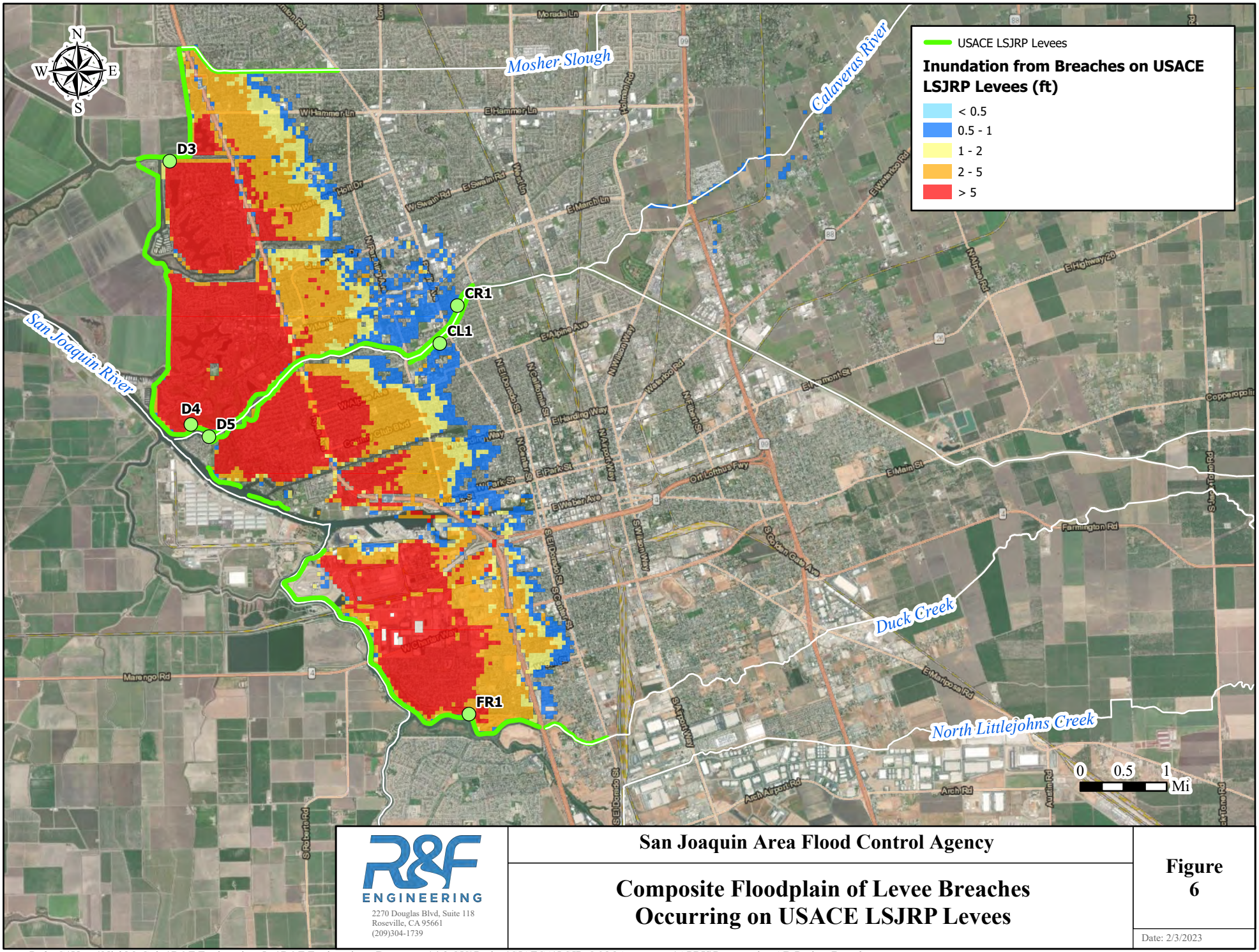
San Joaquin Area Flood Control Agency

O&M Services
Composite Floodplain of Areas Maintained by San Joaquin County Zone 9

Figure 5

Date: 2/3/2023

Path: C:\Users\NickMcGuire\R&F Engineering, Inc\R&F Engineering - Documents\4.0 GIS\Project\SJAFCA\LSJR-O&M Assessment\APRX\Presentation Floodplain Figure.aprx



R&F ENGINEERING
2270 Douglas Blvd, Suite 118
Roseville, CA 95661
(209)304-1739

San Joaquin Area Flood Control Agency

Composite Floodplain of Levee Breaches Occurring on USACE LSJRP Levees

Figure 6

Date: 2/3/2023

Path: C:\Users\NickMcGuire\R&F Engineering, Inc\R&F Engineering - Documents\4.0 GIS\Project\SJAFCA\LSJR-O&M Assessment\APRX\Presentation AD Project Breaches.aprx

Assessment Boundary Delineations

The Proposed Assessment Boundary encompasses all properties that receive a special benefit from Zone 9 O&M Services and from the USACE LSJRP. The floodplain analyses discussed above were used as a starting point in developing a proposed benefit area for the LCMA District. The following subsections summarize the process that was used to delineate the final area of benefit.

O&M Assessment Boundary

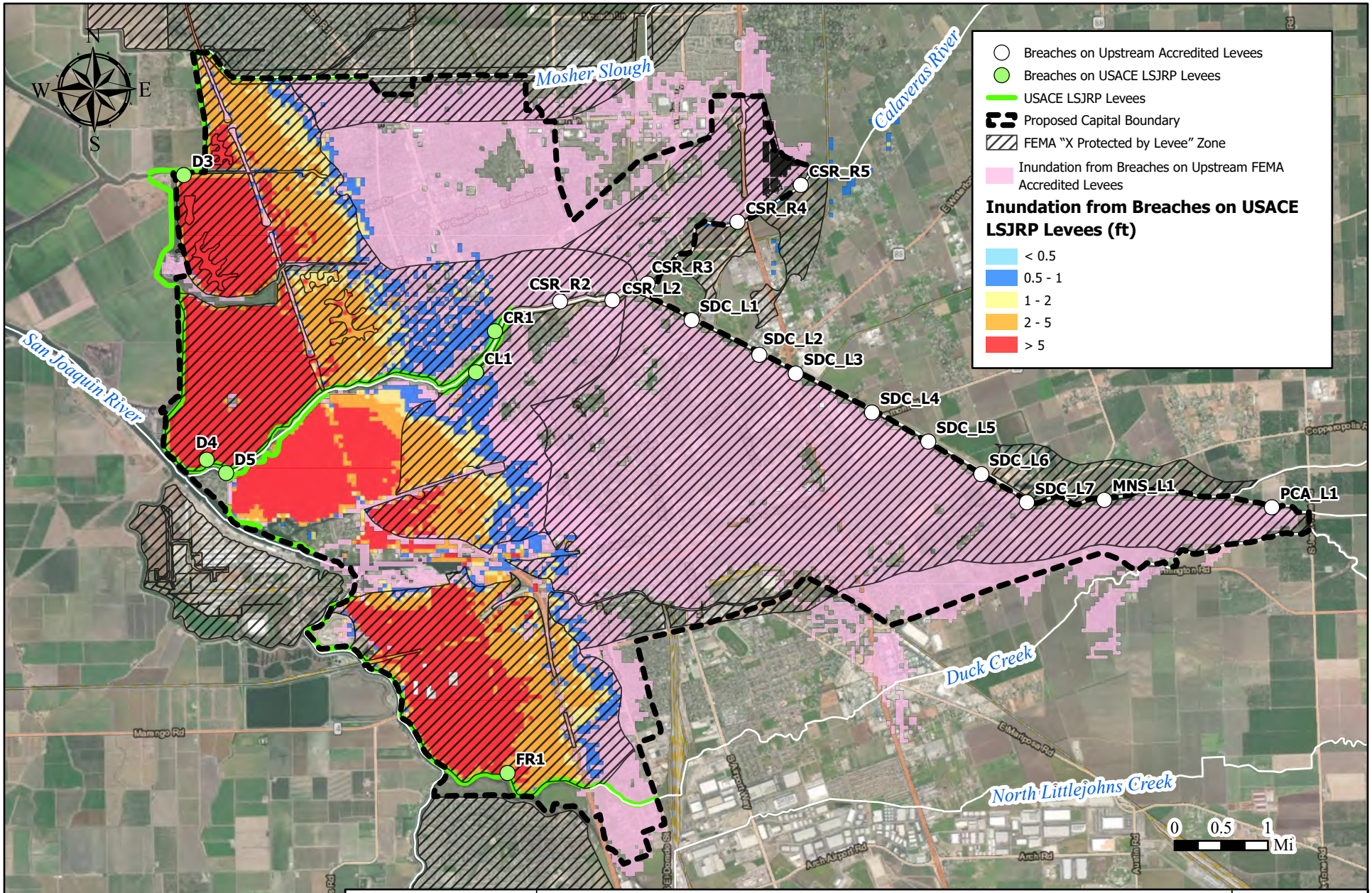
As described in the previous sections, to determine areas that benefit from the Levee O&M Services on the Zone 9 Project levees, modeling of various levee breach scenarios was performed to identify properties that would be inundated if those levees were to break. From these analyses, a composite floodplain was developed (previously shown in Figure 5). The resulting floodplain from each breach was overlaid in GIS onto the San Joaquin County parcel database to identify the average flood depth, total area of flooding, and length of levee that is providing protection for each parcel. The final assessment boundary for Levee O&M Services was delineated based on the boundaries of the parcels that are flooded from levee breaches on Zone 9 maintained Project levees.

Capital Assessment Boundary

Properties receiving special benefit from the USACE LSJRP (and associated incremental levee O&M for the LSJRP) were identified using a combination of floodplain mapping that included:

a) The 100-year composite without project floodplain based on breaches of levees to be improved by the USACE LSJRP (previously shown in Figure 6);
b) The FEMA Shaded Zone X mapping for north and central Stockton; and,
c) Additional hydraulic modeling showing the extent of the inundation from breaches of upstream FEMA Accredited Levees.

Benefits to properties can be due to avoidance of actual flood damage and/or avoidance of regulatory impacts. The composite without-project floodplain map, utilizing USACE floodplain mapping data, was prepared to identify the specific area benefiting from the improvements on the LSRJP levees. To further acknowledge the risk of regulatory impacts and the need to continue FEMA accreditation of this area, the extent of the floodplain for properties benefiting from FEMA Accredited levees in the same levee system was overlaid onto the composite breach floodplain (see Figure 7). To further confirm the extents of flooding that would result from a break on the upstream FEMA-accredited levees, modeling of breaches on these levees is also included on Figure 7.



R&F ENGINEERING
2270 Douglas Blvd, Suite 118
Roseville, CA 95661
(209)304-1739

San Joaquin Area Flood Control Agency

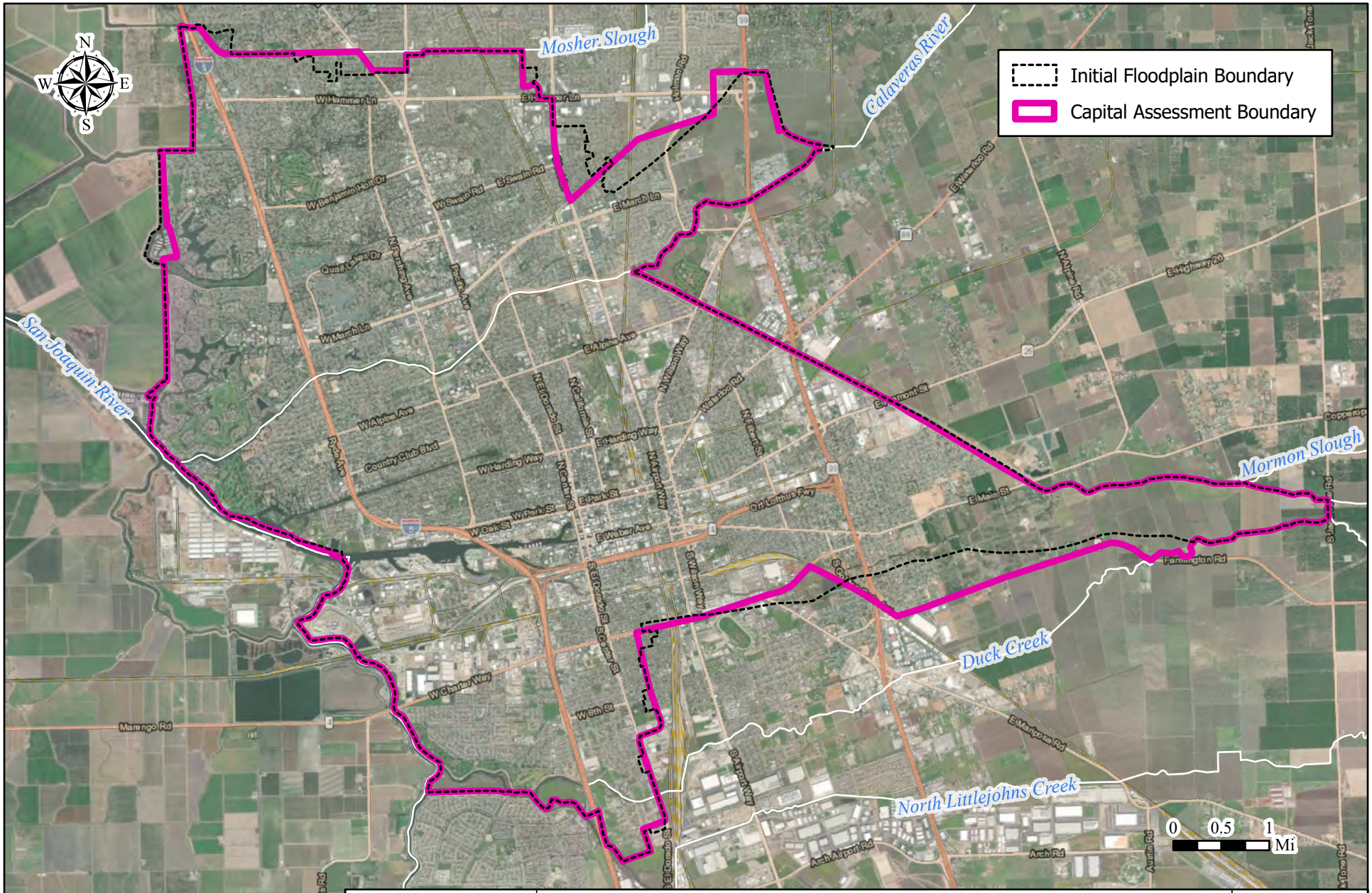
Overlay of Capital Improvement Floodplain Boundaries

Figure 7

Date: 3/16/2023

Path: C:\Users\AndrewNisenberg\R&F Engineering, Inc\R&F Engineering - Documents\4.0 GIS\Project\SJAFCA\LSJR-O&M Assessment\APRX\Presentation AD Flood Boundary.aprx

The three described components designate the full extent of the area benefiting from Levee Capital Services for FEMA Accredited Levees. Because different sources of floodplain mapping were combined, the floodplain mapping associated with the FEMA Accredited levee breaches was only utilized to inform the extent of the benefit area from Levee Capital Services, not floodplain depths. The final capital assessment boundary (Figure 8) follows the impacted parcel boundaries.



R&F ENGINEERING
2270 Douglas Blvd, Suite 118
Roseville, CA 95661
(209)304-1739

San Joaquin Area Flood Control Agency

Capital Assessment Boundary

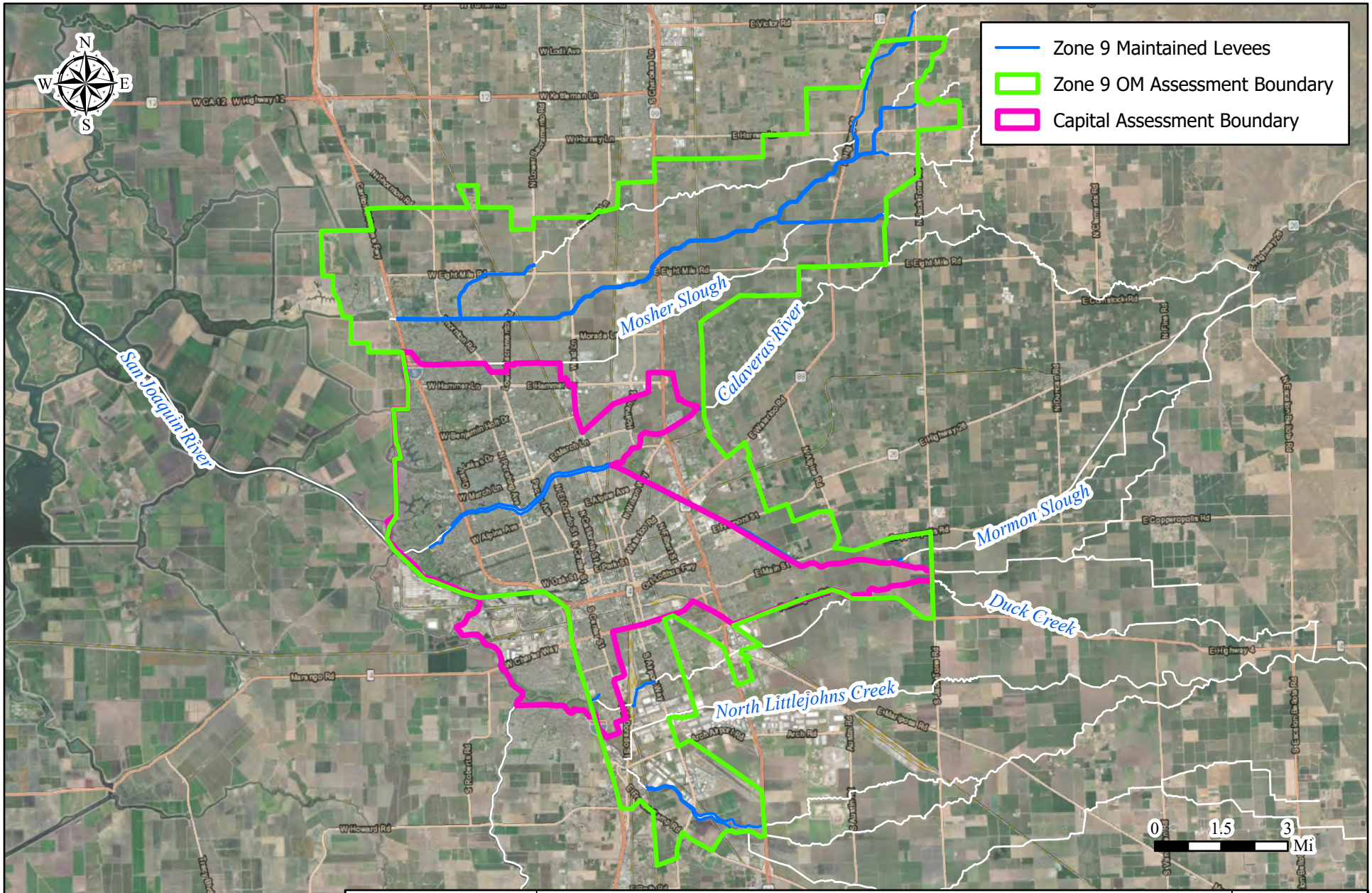
Figure 8

Date: 3/16/2023

Path: C:\Users\AndrewNisenberg\R&F Engineering, Inc\R&F Engineering - Documents\4.0 GIS\Project\SJAFCA\LSJR-O&M Assessment\APRX\Presentation AD Proposed and Final Boundary.aprx

LCMA District Boundary

The area of special benefit from O&M Services and from the USACE LSJRP capital improvements were combined (Figure 9). The final LCMA Boundary is presented in Figure 10.



R&F ENGINEERING
2270 Douglas Blvd, Suite 118
Roseville, CA 95661
(209)304-1739

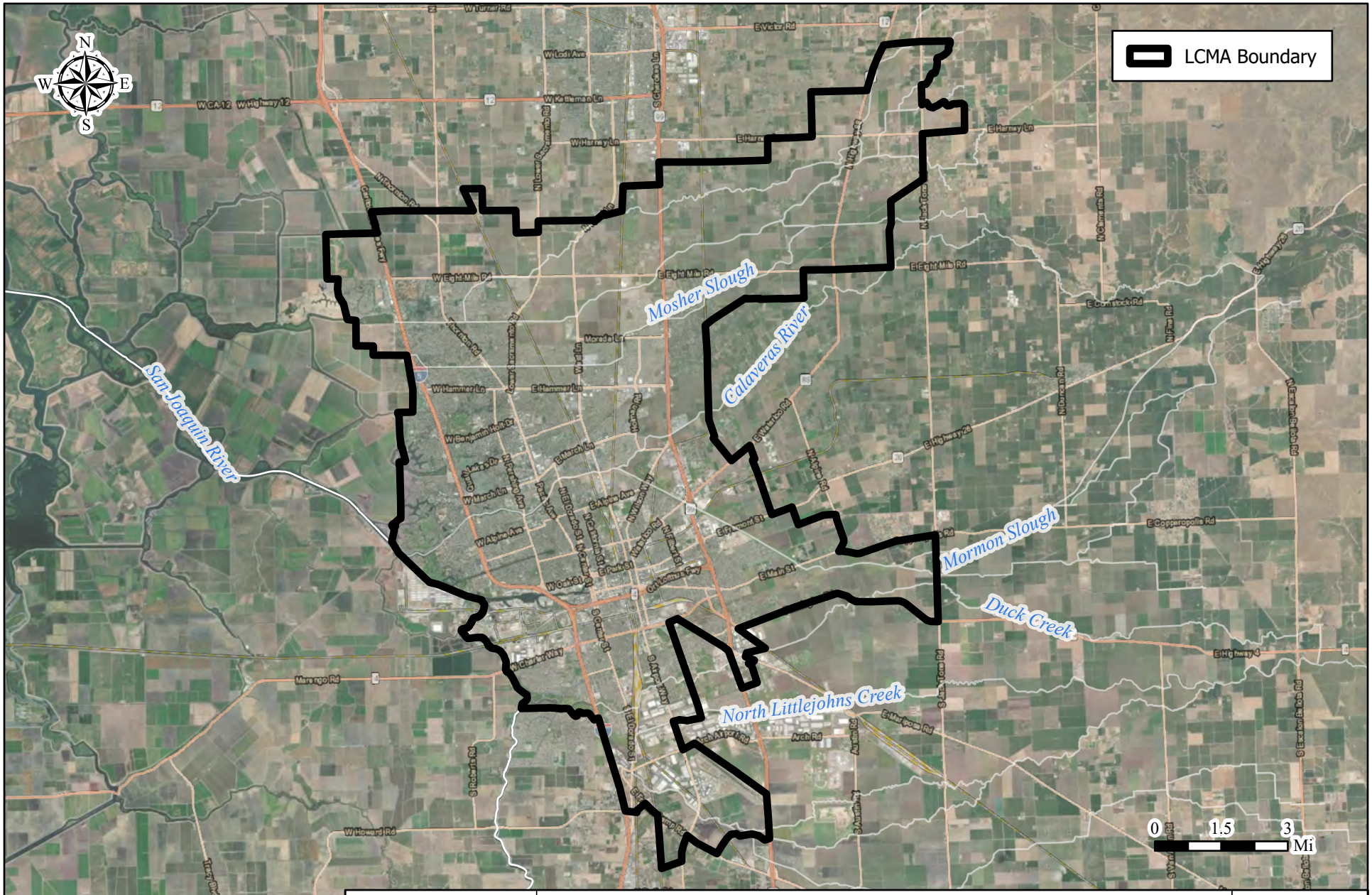
SJAFCA LCMA

Combined Boundaries O&M Services & Capital Improvements

Figure 9

Date: 3/16/2023

Path: C:\Users\AndrewNisenberg\R&F Engineering, Inc\R&F Engineering - Documents\4.0 GIS\Project\SJAFCA\LSJR-O&M Assessment\APRX\Presentation Boundaries Figure.aprx



R&F ENGINEERING
2270 Douglas Blvd, Suite 118
Roseville, CA 95661
(209)304-1739

SJAFCA Levee Construction and Maintenance Assessment

LCMA District Boundary

Figure 10

Date: 3/16/2023

Path: C:\Users\AndrewNisenberg\R&F Engineering, Inc\R&F Engineering - Documents\4.0 GIS\Project\SJAFCA\LSJR-O&M Assessment\APRX\Presentation LCMA Boundary Figure.aprx

ATTACHMENT A

Metadata for GIS Deliverables

for the O&M Assessment Analyses

Assessment Reaches.shp:

Description: All of the levees in the study area were broken down into segments. Each levee segment is associated with a modeled levee breach (see Breach Location Final.shp).

Brch_Rch: Name of reach

Breach Location Final.shp:

Description: 72 levee breaches were modeled for this study. This shapefile shows location and name/ID of each breach. It also indicates whether or not the breach location is on a Project levee, a SJAFCA levee, or a FEMA-accredited levee.

River: River the breach is located on
Code Name: Name of the breach. Note: some breaches are grouped together from original source.
Project: Is the breach on a Project or non-Project levee?
SJAFCA: Is the breach on a levee cost shared with SJAFCA?
FEMA: Is the breach on a FEMA accredited levee?

Parcel Ave Depth.shp:

Description: This shapefile shows the average depth of flooding on each parcel for each of the 72 levee breach scenarios that were run for this study. Levee breach locations were named according to the river that they are on and whether they're on the left bank or right bank levee. This shapefile also shows the average depth of flooding on each parcel for the no breach/overtopping only scenario in the PBI (HEC-RAS) model.

The average flood depth recorded is for the wetted area of the parcel only (zero depth/dry areas were not included in calculating the average depth of flooding).

The shapefile also has columns that show the total area of the parcel (acres) and the worst-case flood depth (feet) on each parcel.

Note: See the shapefile "Parcel Wetted Area.shp" which indicates how many acres of the parcel got wet for each breach scenario.

APN: APN

Area_acre: Total area of the parcel (in acres)

BRC_L2 through WRS_L1: The column headers are the name given to each breach location. Average depth of flooding (in feet) associated with each breach per the name of the field
NoBreach: Average depth of flooding (in feet) associated with the no breach/overtopping only scenario in the PBI (HEC-RAS) model

Parcel Wetted Area.shp:

Description: See description for the "Parcel Ave Depth.shp" shapefile. Everything is set up the same, except the values in this shapefile indicate how many acres of the parcel got wet for each breach scenario.

ATTACHMENT B

Metadata for GIS Deliverables

for the Capital Assessment Analyses

Parcel Average Depth.shp:

Description: This shapefile shows the average depth of flooding of each parcel for each of the 12 flood scenarios that were analyzed for this study. Scenarios are labeled according to "with project" and "without project" conditions and each return period event. The average flood depth recorded is for the wetted area of the parcel only (zero depth/dry areas were not included in calculating the average depth of flooding).

The shapefile also has columns that show: What is the total area of the parcel in acres? What is the worst-case flood depth on each parcel?

Notes:

1. There are no parcels with flooding for the 2-, 10-, and 25-year with-project events.
2. See the shapefile "Parcel Wetted Area.shp" which indicates how many acres of the parcel got wet for each flood scenario.

APN: APN
Area: Total area of the parcel (in acres)
Max: The worst-case average depth of flooding (in feet) across all scenarios
WP_2YR through WOP_200YR: The column headers are the name given to each flood scenario. Average depth of flooding (in feet) is associated with each scenario per the name of the field

Parcel Wetted Area.shp:

Description: See description for the "Parcel Ave Depth.shp" shapefile. Everything is set up the same, except the values in this shapefile indicate how many acres of the parcel got wet for each breach scenario

San Joaquin Area Flood Control Agency

Levee Construction and Maintenance Assessment (LCMA)

Appendix D

Assessment District Boundary Diagram

(reduced from 18"x26" to 11"x17")

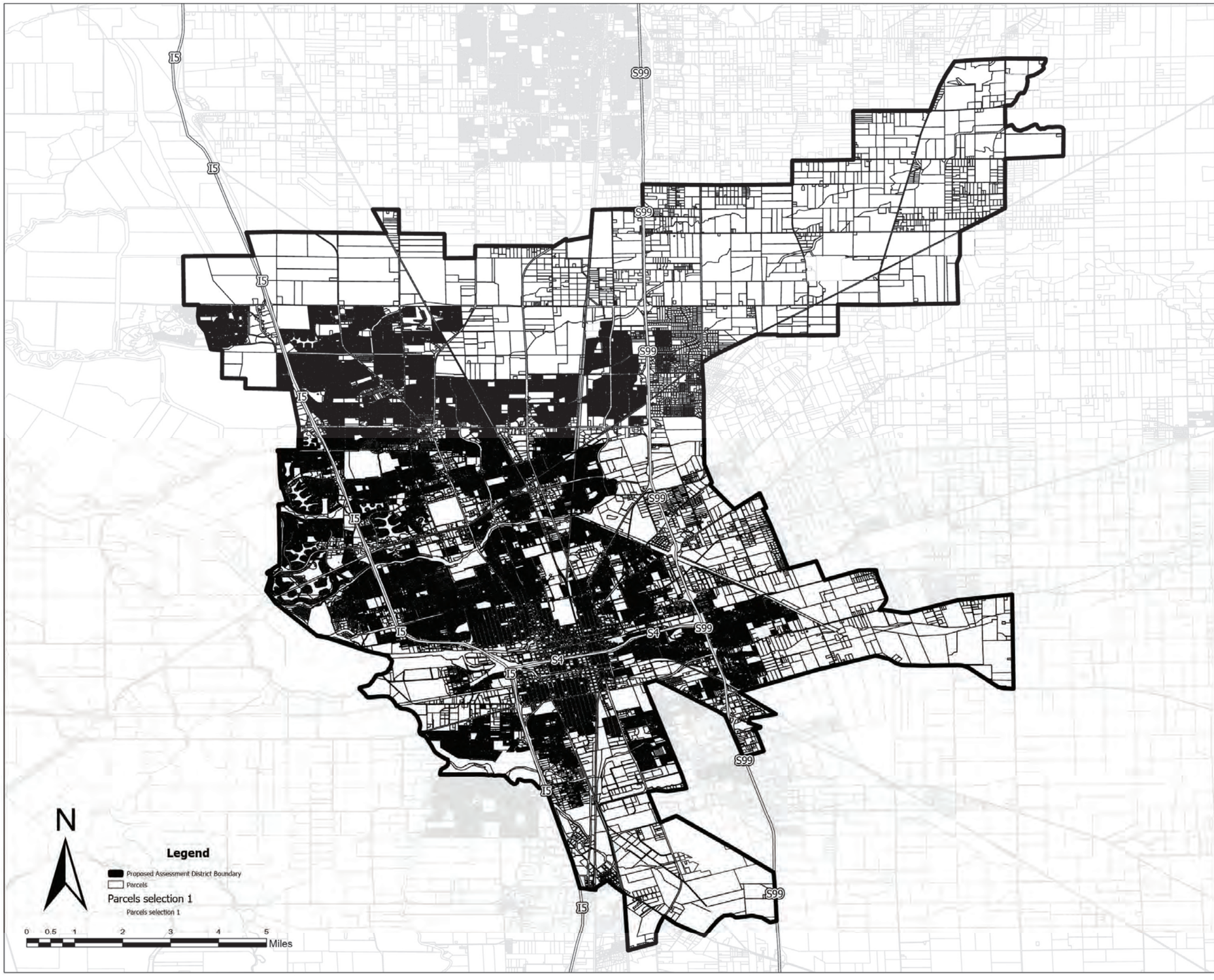
SAN JOAQUIN COUNTY

Greatness grows here.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

San Joaquin Area Flood Control Agency

Date: June 15, 2023



Proposed Boundaries of
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTON AND MAINTENANCE
ASSESSMENT DISTRICT

COUNTY OF SAN JOAQUIN
STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE SECRETARY OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY THIS ___ DAY OF _____, 20____.

_____
SECRETARY OF THE
SAN JOAQUIN AREA FLOOD CONTROL AGENCY

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT OF THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY AT A REGULAR MEETING THEREOF, HELD ON ___ DAY OF _____, 20___, BY ITS RESOLUTION NO. _____

_____
SECRETARY OF THE
SAN JOAQUIN AREA FLOOD CONTROL AGENCY

FILED THIS ___ DAY OF _____, 20___, AT THE HOUR OF _____ O'CLOCK ___M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ___, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA

_____
COUNTY RECORDER OF
SAN JOAQUIN COUNTY

LWA
LARSEN WURZEL
& Associates, Inc.

San Joaquin Area
Flood Control Agency

Levee Construction and Maintenance Assessment (LCMA)

Appendix E
San Joaquin County Use Codes
& Assessment Land Use Categories

SAN JOAQUIN COUNTY
Greatness grows here.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

San Joaquin Area Flood Control Agency

Date: June 15, 2023

Appendix E
Levee Capital and Maintenance Assessment (LCMA)
San Joaquin County Use Codes & Assessment Land Use Categories

Use Code	County Description	Land Use Category / Sub-Category
1	Vacant Residential Lot – Development with Utilities	Open Space - Developed
2	Vacant Lot with PROB. W/C Precludes Building A RE	Open Space
3	Vacant Lot – Totally Unusable (incurable)	Open Space
4	Vacant Residential Lot with miscellaneous Residential IMPRS (garage)	Open Space - Developed
5	Vacant Residential Subdivision Site	Open Space
6	Vacant Residential Lot- Undeveloped	Open Space
7	Potential Residential Subdivision	Open Space
10	Single-Family Dwelling (SFD)	Single-Family Residential
11	Condominium Unit	Multi-Family Residential
12	Planned Unit Residential Development (PURD)	Single-Family Residential
13	Single-Family Residence with Secondary Residential Square Footage	Single-Family Residential
14	SFD with Secondary Use (i.e., barber shop)	Single-Family Residential
15	Zero Lot Line Residential	Single-Family Residential
16	Residential Lot with Mobile Home	Mobile Home
17	Single-Family with Common Wall (duet, halfplex, etc.)	Single-Family Residential
20	Vacant Lot (zoned for two units)	Open Space
21	One Duplex – One Building	Single-Family Residential
22	Two SFDs On Single Parcel	Multi-Family Residential
30	Vacant Lot Zoned for 3 or 4 Units	Open Space
31	Single Triplex – (3 units, 1 structure)	Single-Family Residential
32	Three Units - 2 or More Structures	Multi-Family Residential
34	Single Fourplex	Multi-Family Residential
35	Four Units, 2 or More Structures	Multi-Family Residential
40	Vacant Lots Zoned for Apartments	Open Space
41	5-10 Residential Units – Single Building	Multi-Family Residential
42	5-10 Residential Units – 2 or more Buildings	Multi-Family Residential
43	11-20 Residential Units – One Structure	Multi-Family Residential
44	11-20 Residential Units – 2 or more Buildings	Multi-Family Residential
45	21-40 Units	Multi-Family Residential
46	41-100 Units	Multi-Family Residential
47	Over 100 Units	Multi-Family Residential
48	High-Rise Apartments	Multi-Family Residential
50	Rural Residential – Vacant Homesite	Agricultural
51	Rural Residence – 1 Residence	Rural Residential
52	Rural Residential – 2 or more residences	Rural Residential
53	Rural Residential – Vacant – Development with	Open Space - Developed
54	Rural Residences. - with Miscellaneous Residences. IMPS; Only	Open Space
55	Labor Camp	Rural Residential
56	Rural Residential with Mobil Home	Mobile Home

Appendix E
Levee Capital and Maintenance Assessment (LCMA)
San Joaquin County Use Codes & Assessment Land Use Categories

Use Code	County Description	Land Use Category / Sub-Category
59	Residential Care Home (6 units or less)	Multi-Family Residential
60	Motels Less Than 50 Units	Commercial
61	Motels Over 50 Units	Commercial
62	Motels less than 50 units with some kitchens	Commercial
63	Motels over 50 Units with some Kitchens	Commercial
64	Motels Less Than 50 Units with Shops	Commercial
65	Motels Over 50 Units with Shops	Commercial
68	Resort Motels – Cabins, Etc.	Commercial
70	Hotel without Restaurant	Commercial
71	Hotel with Restaurant	Commercial
78	Rooming House – Convent – Rectory, Etc.	Commercial
80	Common Areas – No Structures	Open Space
81	Common Areas – with Structures	Open Space - Developed
82	Common Areas – Roads and Streets	Open Space
90	Mobile Home Park	Mobile Home
91	Overnight Type Trailer Park	Open Space
92	Mobile Home Park with Overnight Facilities	Mobile Home
93	Resort Type Trailer Park	Mobile Home
94	Mobile Home Condominium Lot	Mobile Home
95	Mobile Home Appurtenances	Mobile Home
96	Mobile Home	Mobile Home
100	Vacant Commercial Land – Undeveloped	Open Space
101	Vacant Commercial Land with Utilities	Open Space - Developed
102	Vacant Commercial Land with Miscellaneous IMPS	Open Space - Developed
107	Potential Commercial Subdivision	Open Space
110	Single-Story	Commercial
111	Multiple-Story Stories	Commercial
112	Multiple Stores in one Building	Commercial
113	Store with Residential Unit or Units	Commercial
114	Store Condo	Commercial
120	1 store and 1 office	Commercial
121	Multiple Combination of Offices, Shops	Commercial
130	1-Story Department Store	Commercial
131	2-Story Department Store	Commercial
140	Grocery Store	Commercial
141	Supermarkets	Commercial
142	Convenience Store	Commercial
143	Convenience Store with Gas Sales	Commercial
144	Fruit Stand	Commercial
150	Regional Shopping Center	Commercial
151	Community Shopping Center	Commercial
152	Neighborhood Shopping Center	Commercial

Appendix E
Levee Capital and Maintenance Assessment (LCMA)
San Joaquin County Use Codes & Assessment Land Use Categories

Use Code	County Description	Land Use Category / Sub-Category
153	Individual Parcel Within Regional Shopping	Commercial
154	Individual Parcel Within Community Center	Commercial
155	Individual Parcel within neighborhood Shopping	Commercial
156	Shopping Center Common Area	Commercial
170	1-Story Office Building	Commercial
171	2-Story Office Building	Commercial
172	3 or More Story Office Building	Commercial
173	Office Building with Residential Unit or Units	Commercial
180	Assisted Living Residence	Multi-Family Residential
181	Congregate Seniors Housing	Multi-Family Residential
182	Continuing Care Retirement Community	Multi-Family Residential
183	Skilled Nursing Facility	Multi-Family Residential
184	Specialty Home (Developmentally Disable)	Multi-Family Residential
190	Medical Offices	Commercial
191	Dental Offices	Commercial
192	Medical Dental Complex	Commercial
193	Veterinary Hospitals	Commercial
194	One-Story Office Condo	Commercial
195	Two-Story Office Condo	Commercial
196	Medical Office Condo	Commercial
197	Dental Office Condo	Commercial
200	Commercial Common Area – Non Shopping C	Commercial
201	Miscellaneous Multiple Uses – None Fully Dominant	Commercial
202	Commercial Use	Commercial
203	Animal Training Facility	Commercial
204	Day Care Center	Commercial
210	Restaurants	Commercial
211	Fast Food Restaurants	Commercial
212	Food Preparation – Take Out Only	Commercial
213	Cocktail Lounge – Bars	Commercial
214	Restaurant with Residential Unit or Units	Commercial
230	Walk-In Theaters	Commercial
231	Multiple Screen Theaters	Commercial
240	Banks	Commercial
250	Full Service Stations	Commercial
251	Self Service. Station (has no facilities)	Commercial
252	Service Station with Car Wash	Commercial
253	Truck Terminals	Commercial
254	Bulk Plants	Commercial
255	Self Service Station with Mini Mart	Commercial
256	Convenience Store (mini-mart) with gas station	Commercial
260	Auto Sales with Service Center	Commercial

Appendix E
Levee Capital and Maintenance Assessment (LCMA)
San Joaquin County Use Codes & Assessment Land Use Categories

Use Code	County Description	Land Use Category / Sub-Category
261	Auto Sales without Service Center	Commercial
262	Used Car Lot	Commercial
263	Other Sales Centers (Trailers, mobile home	Commercial
270	Farm or CONTS. Machine Sales and Service	Commercial
271	Farm or CONTS. Machine Sales Only	Commercial
272	Farm or CONST. Machine Sales Only	Commercial
280	Auto and Truck Repairs and Accessories	Commercial
281	Specialty Shops (Tires, Brakes, Etc.)	Commercial
282	Car Wash	Commercial
283	Self Service Car Wash	Commercial
284	Laundry	Commercial
285	Auto Body Shop	Commercial
290	Retail Nursery	Commercial
291	Commercial/Wholesale Nursery	Commercial
296	Commercial	Commercial
300	Vacant Industrial Land Undeveloped	Open Space
301	Vacant Industrial Land – Developed With	Open Space - Developed
302	Vacant Industrial Land with Miscellaneous IMPS	Open Space - Developed
307	Potential Industrial Subdivision	Open Space
310	Light Manufacturing and Light Industrial	Industrial
311	Light Industrial and Warehousing	Industrial
312	Light Industrial Warehouse Multiple Tenants	Industrial
313	Industrial Condo	Industrial
314	Shop-Work Area with Small Office	Commercial
320	Warehousing – Active	Industrial
321	Warehousing – Inactive	Industrial
323	Warehousing – Yard	Industrial
324	Mini Storage Warehousing	Industrial
330	Lumber Mills	Industrial
331	Retail Lumber Yards	Industrial
332	Specialty Lumber Products (Mouldings, SA	Industrial
340	Packing Plants	Industrial
341	Cold Storage or Refrigerated Warehouse	Industrial
350	Fruit and Vegetable	Industrial
351	Meat Products	Industrial
352	Large Winery	Industrial
353	Small/Boutique Winery	Commercial
355	Other Food Processing	Industrial
360	Feed and Grain Mills	Industrial
361	Retail Feed and Grain Sales	Industrial
362	Stockyards	Industrial
363	AG Chemical Sales and/or Application	Industrial

Appendix E
Levee Capital and Maintenance Assessment (LCMA)
San Joaquin County Use Codes & Assessment Land Use Categories

Use Code	County Description	Land Use Category / Sub-Category
370	Heavy Industry	Industrial
371	Shipyard	Industrial
380	Mineral Processing	Industrial
381	Sand and Gravel – Shale	Industrial
390	Industrial Common Area	Industrial
391	Miscellaneous Industrial Multiple Uses – None Full	Industrial
392	Industrial Use (doesn't reasonably fit any	Industrial
393	Airport (private	Commercial
400	Irrigated Orchard	Agricultural
401	Irrigated Orchard with Residence	Agricultural
410	Irrigated	Agricultural
411	Irrigated	Agricultural
420	Irrigated Vineyard	Agricultural
421	Irrigated Vineyard with Residence	Agricultural
450	Irrigated Row Crops	Agricultural
451	Irrigated Row Crops with Residence	Agricultural
460	Irrigated Pasture	Agricultural
461	Irrigated Pasture with Residence	Agricultural
462	Horse Ranch	Agricultural
463	Horse Ranch with Residence	Agricultural
470	Dairy	Agricultural
471	Dairy with Residence	Agricultural
480	Poultry Ranch	Agricultural
481	Poultry Ranch with Residence	Agricultural
490	Feed Lots	Agricultural
500	Dry Farm	Agricultural
501	Dry Farm with Residence	Agricultural
510	Dry Graze	Agricultural
511	Dry Graze with Residence	Agricultural
520	Non-Irrigated Vineyards	Agricultural
521	Non-Irrigated Vineyards with Residence	Agricultural
530	Specialty Farms	Agricultural
540	Agricultural	Agricultural
550	Tree Farm	Agricultural
551	Tree Farm (with or without residence)	Agricultural
570	Agricultural	Agricultural
590	Waste Lands	Open Space
591	Berms	Open Space
610	Swim Centers	Commercial
611	Recreational Centers	Commercial
612	Marina or Yachting Club	Commercial
613	Racquetball Club	Commercial

Appendix E
Levee Capital and Maintenance Assessment (LCMA)
San Joaquin County Use Codes & Assessment Land Use Categories

Use Code	County Description	Land Use Category / Sub-Category
614	Tennis Club	Commercial
615	Private Campground or Resort	Commercial
620	Privately Owned Dance Halls	Commercial
630	Bowling Alleys	Commercial
631	Arcades and Amusement Centers	Commercial
632	Skating Rink	Commercial
640	Clubs, Lodge Halls	Commercial
650	Privately Owned Auditoriums and Stadiums	Commercial
660	18-Hole Public Golf Course	Open Space
661	9-Hole Public Golf Course	Open Space
662	Country Club	Open Space
664	Driving Range	Open Space
670	Privately Owned Race Tracks	Commercial
680	Non-Profit Organizations Camps (Boy Scouts, Etc.)	Commercial
690	Privately Owned Parks	Open Space
710	Church, Synagogue or Temple	Commercial
711	Other Church Property	Commercial
720	Private School	School
721	Parochial School	School
722	Special School	School
730	Private Colleges	School
740	Full Service Hospital	Commercial
742	Clinic	Commercial
760	Orphanages	Commercial
770	Cemeteries (non-profit)	Open Space
771	Mortuaries and Funeral Homes	Commercial
772	Cemetery Taxable (profit)	Open Space
810	SBE valued	Open Space - Developed
811	Utility Water Company	Open Space
812	Mutual Water Company	Open Space
813	Cable TV	Open Space
814	Radio and TV Broadcast Site	Open Space
815	Pipeline Right-Of-Way	Open Space
816	Open Space	Open Space
850	Right-Of-Way	Open Space
851	Private Road	Open Space - Developed
860	Well Site	Open Space
861	Tank Site	Open Space
862	Springs and Other Water Sources	Open Space
870	Rivers and Lakes	Open Space
890	Parking Lots – Fee	Open Space - Developed
891	Parking Lots – No Fee	Open Space - Developed

Appendix E
Levee Capital and Maintenance Assessment (LCMA)
San Joaquin County Use Codes & Assessment Land Use Categories

Use Code	County Description	Land Use Category / Sub-Category
892	Parking Garages	Commercial
900	Vacant Federal Lands	Open Space
901	Federal Buildings	Commercial
902	Military Installation	Commercial
903	Miscellaneous Federal Property	Commercial
910	Vacant State Lands	Open Space
911	State Buildings	Commercial
912	State Shops & Yards	Commercial
913	State Parks and Other Recreational Facilities	Open Space - Developed
914	State Schools, Colleges	School
916	Miscellaneous State Property	Commercial
920	Vacant County Land	Open Space
921	County Buildings	Commercial
923	County Parks and Other Recreational Facilities	Open Space
924	County Hospitals	Commercial
925	Miscellaneous County Property	Commercial
930	Vacant City Lands	Open Space
931	City Buildings	Commercial
932	City Shops and Yard	Commercial
933	City Parks and Other Recreational Facilities	Open Space
934	Municipal Utility Prop. (reservoirs, sewer pipeline)	Open Space - Developed
935	Parking Lots – Garages	Open Space - Developed
936	Municipal Airports	Commercial
937	Miscellaneous City Property	Commercial
940	School District Properties	Commercial
941	Fire Districts	Commercial
942	Flood Control District Property	Open Space
943	Water District Property	Open Space
944	Miscellaneous District property	Open Space
950	Public Owned Land – Non- Taxable	Open Space
951	Public Owned Land – Taxable [Section 11]	Open Space
1000	Calaveras AG	Agricultural
1001	Stanislaus AG	Agricultural
1002	Blended	Blended

Source: ParcelQuest, San Joaquin County

San Joaquin Area Flood Control Agency

Levee Construction and Maintenance Assessment (LCMA)

Appendix F

List of Parcels and FY 2023/24 Assessment Roll

(Under Separate Cover)

SAN JOAQUIN COUNTY

Greatness grows here.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

San Joaquin Area Flood Control Agency

Date: June 15, 2023

Agenda Item 4.3

June 15, 2023

TO: **San Joaquin Area Flood Control Agency**

FROM: **Chris Elias, Executive Director**

SUBJECT: **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY AUTHORIZING THE ISSUANCE AND SALE OF ASSESSMENT REVENUE BONDS TO FINANCE FLOOD CONTROL IMPROVEMENTS FOR THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT, AND APPROVING RELATED DOCUMENTS AND ACTIONS**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency (the "Agency") adopt a Resolution:

(1) Authorizing the issuance and sale of assessment revenue bonds to finance flood control improvements for the Levee Construction and Maintenance Assessment District (the "LCMA Assessment District"); and
(2) Approve related documents and actions.

DISCUSSION

Background

In 1995, the County, along with the City of Stockton and the San Joaquin County Flood Control and Water Conservation District, formed the Agency as a Joint Powers Authority for purposes of planning, financing, and implementing flood control improvements. The Agency is a public entity pursuant to the provisions of Articles 1-4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California. In 2018, the cities of Lathrop and Manteca also became members of the Agency.

SJAFCA's first endeavor was to prevent the possible discreditation of levees and to improve local levees to meet Federal Emergency Management Agency ("FEMA") standards. As a result, SJAFCA constructed the Flood Protection Restoration Project ("FPRP:") which consisted of flood wall and levee improvements along 40 miles of existing channel levees, 12 miles of new levees, modifications to 24 bridges and the addition of two major detention basins and pumps.

Construction of the FPRP was completed in 1998, merely three and a half years after notification by FEMA that most of the City of would be remapped into a 100-year flood plain. SJAFCA formed an assessment district of more than 74,000 parcels to finance the $70 million project (the "Original Assessment"). SJAFCA also established an annual Operations and Maintenance assessment for the upkeep of flood improvements. The annual Operations and Maintenance assessment collection continues to this day.

The Original Assessment secured bonds issued in 1996 (the "1996 Bonds"), pursuant to the Improvement Bond Act of 1915, Division 10 of the California Streets and Highway Code, to finance flood control improvements. The 1996 bonds were refunded in 2002 (the "2002 Bonds") pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the California

Streets and Highways Code. The 2002 Bonds were ultimately paid off on September 2, 2011, a full three years ahead of the 2014 scheduled final maturity.

In January 2013, the Board of Directors initiated the formation process of the Smith Canal Area Assessment District ("SCAAD"). In July of 2013, property owners in the SCAAD approved its formation, pursuant to the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "1982 Act"). The purpose of the SCAAD was to pay for a portion of the costs of the Smith Canal Gate Project as well as costs of its operations and maintenance.

On May 20, 2020, the Agency issued, pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Sections 6584 et seq. of the Government Code of the State of California, as amended), under Article 4 of the Joint Powers Act (the "JPA Act"), its San Joaquin Area Flood Control Agency Smith Canal Area Assessment District, Assessment Revenue Bonds, Series 2020 (the "2020 Bonds"). The 2020 Bonds were issued in the amount of $23,435,000 of which $21,705,000 remains outstanding.

Present Situation

The purpose of the LCMA Assessment District is to fund the cost of constructing levee and flood control improvements incident to the Lower San Joaquin River Project and Federal Emergency Management Agency accredited levees either directly or in partnership with the United States Army Corps of Engineers ("USACE") and the State of California, as well as costs of the operation and maintenance of levees and flood control facilities (collectively, the "Services"). The Smith Canal Gate Project is a component of the Lower San Joaquin River Project that has been early advanced ahead of the USACE in a partnership between the Agency and the State of California.

The Board of Directors of the Agency has determined to undertake proceedings, pursuant to the 1982 Act, to establish the LCMA Assessment District and to levy assessments on the properties included within the LCMA Assessment District boundaries. On March 16, 2023, the Board of Directors of the Agency adopted Resolution No. 23-07, which:

- proposed forming the LCMA Assessment District and levying a special benefit assessment;
- identified the LCMA Assessment District proposed boundaries;
- preliminarily approved the Engineer's Report;
- fixed the time of a public hearing to hear public comment on the proposed LCMA Assessment District and special benefit assessment; and
- directed the Agency's consultants and staff to undertake the procedural and approval processes including the mailing of notices and ballots which are necessary for the establishment of the LCMA Assessment District and levying of a special assessment proportional to the special benefits to be provided by the Services;

During April, May and June of 2023, the Agency conducted an assessment ballot proceeding, pursuant to Proposition 218, in which the landowners that would be specially benefited by the Services were provided by mail with notice of the proposed special assessment and public hearing and also provided the opportunity to complete a ballot as to whether the Agency should form the proposed LCMA Assessment District and levy the assessment.

As part of the assessment ballot proceeding, the Board of Directors of the Agency held a public

hearing on June 8, 2023, for the purpose of receiving comments on and protests to the proposed benefit assessment and for accepting new or changed ballots from specially benefited landowners; and during the public hearing, the Board of Directors of the Agency heard and considered all public comments.

As stated earlier, on May 20, 2020, the Agency issued the 2020 Bonds in the amount of $23,435,000 of which $21,705,000 remains outstanding. Because of the following factors the Agency desires to completely retire (refund and defease) the 2020 Bonds and terminate the Smith Canal Area Assessment District:

- property owners within the boundary of the SCAAD are within the boundary of the LCMA Assessment District;
- the Smith Canal Gate Project is a component of the Lower San Joaquin River Project;
- the Agency and the State will receive "In-Kind" credit for the work completed by the Agency toward the Smith Canal Gate Project pursuant to Section 221(a)(4) of the Flood Control Act of 1970, as further amended by Section 1018 of the Water Resources Reform and Development Act of 2014 (WRRDA 2014) (42 U.S.C. 1962d-5b(a)(4)); and
- to avoid overlapping assessments and ensure that assessments are equitably apportioned to all properties benefiting from the assessments in the LCMA Assessment District.

Proposed Financing Plan

The Tax Cuts and Jobs Act of 2017 eliminated the ability for issuers to refund bonds tax-exempt in advance of their call date. This is commonly known as an advance refunding. However, bonds may be refunded tax-exempt within 90 days of their call date, a structure which is commonly known as a current refunding. The 2020 Bonds are not callable until October 1, 2030, meaning a tax-exempt advance refunding is not currently permitted until July 1, 2030. However, a refunding of the 2020 Bonds may be issued now on a taxable basis albeit at higher interest rates and the proceeds escrowed until October 1, 2030, when the 2020 Bonds are first callable. However, because rising yields have caused a decline in the value of the 2020 Bonds, some of the owners of the 2020 Bonds may wish to sell ("tender") their 2020 Bonds to the Agency so they can be paid on a current basis and thereby refunded with tax-exempt bonds.

The Agency is considering a program to allow owners of the 2020 Bonds to tender them for purchase by the Agency and, to that end, on April 17, 2023 the Agency hired D.F. King & Co., Inc. ("D.F. King") to provide information agent and tender agent services. On May 8, 2023, the Agency posted a Voluntary Notice of Potential Debt Issuance, Tender, Refunding and Defeasance providing notice that it is considering the tender.

To obtain funds to purchase the tendered 2020 Bonds, the Agency proposes to issue, pursuant to the JPA Act, its Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A (the "2023A Bonds"). The proceeds of the 2023A Bonds would be used to pay off the tendered bonds on a tax-exempt basis at lower interest rates than taxable interest rates. Since the Agency does not currently know how many current owners of the 2020 Bonds wish to tender, the size of the 2023A Bonds is yet to be determined. To provide $5 million for design and engineering activities to continue the advancement of other components of the Lower San Joaquin River Project in partnership with USACE, the Agency proposes to include the funding of such amount with the tax-exempt 2023A Bonds.

To provide funds to advance refund, on a taxable basis, any of the 2020 Bonds not otherwise tendered, the Agency proposes to issue, pursuant to the JPA Act, its Levee Construction and Maintenance Assessment District Taxable Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B (the "2023B Bonds") collectively with the 2023A Bonds (the "2023 Bonds"). Since the Agency does not currently know how many current owners of the 2020 Bonds wish to tender, the size of the 2023B Bonds is yet to be determined.

Estimated Financing Results

The Resolution attached to this report approves the issuance of the 2023 Bonds which is currently estimated to be in the amount of $27,565,000. As part of the action, the Board of Directors will be approving certain maximum financing parameters for the 2023A Bonds:

- the Underwriter's discount of the 2023A Bonds does not exceed 0.5%
- the true interest cost of the 2023A Bonds is not in excess of 5.75%, and
- the aggregate principal amount of the 2023A Bonds is not in excess of $32,000,000.

As part of the action, the Board of Directors will be approving certain maximum financing parameters for the 2023B Bonds:

- the Underwriter's discount of the 2023B Bonds does not exceed 0.5%
- the true interest cost of the 2023B Bonds is not in excess of 6.75%, and
- the aggregate principal amount of the 2023B Bonds is not in excess of $26,000,000.

The table below shows the estimated financing results assuming market interest rates as of May 30, 2023 and assumes no bonds are tendered:

Parameter	**Amount** [(1)]
Estimated Par Amount (2023 Bonds)	$27,565,000
Estimated Par Amount (2023A Bonds – New Money, Tax-Exempt)	$5,330,000
Estimated Par Amount (2023A Bonds – Tendered, Tax-Exempt)	TBD [(2)]
Estimated Par Amount (2023B Bonds – Advance Refunding, Taxable)	$22,235,000[(3)]
True Interest Cost (2023 Bonds)	5.7434%
Total Debt Service (2023 Bonds)	$57,519,383
Reserve Fund (2023 Bonds)	Surety Policy
Estimated Costs of Issuance (2023 Bonds)	$300,000
Underwriter's Discount (2023 Bonds)	$3.85 (0.385%)
Average Annual Debt Service (2023 Bonds)	$1,889,774
Minimum Debt Service Coverage	1.10x

Notes

(1) Assumes market interest rates as of May 30, 2023.
(2) The final par amount will be determined and increased by the amount of tendered bonds.
(3) The final par amount will be determined and reduced by the amount of tendered bonds.

Given the size and diversity of the LCMA Assessment District, the financing team will be seeking an investment grade rating for the 2023 Bonds from S&P Global Ratings. The team will also seek to secure both bond insurance and a surety for the reserve fund from one of the two insurers

active in the municipal market, Assured Guaranty or Build America Mutual.

The Resolution approving the issuance of the bonds will only be considered upon the successful outcome of the LCMA Assessment District property owner ballot proceedings, successful conclusion of the public hearing, acceptance of the Final Engineer's Report and the final formation of the LCMA Assessment District.

Estimated Financing Schedule

If the Resolution is approved by the Board of Directors, the team expects the issuance will follow the estimated schedule below:

Date	**Action**
June 15th	Agency Board Approval of Financing and Related Documents
June 16th	Invitation to Tender Bonds Disseminated
Week of June 26th	Due Diligence Call Rating Released Preliminary Official Statement Printed and Posted Notice of Purchase Prices Disseminated
Monday July 10th	Notice of Results and Acceptance of Offers Published
Tuesday July 11th	Pre-Pricing
Wednesday July 12th	Pricing
Week of July 17th	Print and Post Final Official Statement Final Documents Executed
Wednesday July 26th	Transaction Closes

Financing Team

Issuance Administration:	Agency Staff
Bond and Disclosure Counsel:	Quint & Thimmig LLP
Municipal Advisor:	Del Rio Advisors, LLC
Underwriter:	Hilltop Securities, Inc.
Fiscal Agent / Escrow Bank:	U.S. Bank Trust Company, National Association
Assessment Engineer:	Larsen Wurzel & Associates, Inc.
Tender Agent:	D.F. King & Co, Inc.

Documents for Review

Fiscal Agent Agreement (Attachment 2): An agreement between the Agency acting on behalf of the District and U.S. Bank Trust Company, National Association as Fiscal Agent. This document, governs all the terms and conditions on the 2023 Bonds including, but not limited to:

- Establishment of funds
- The flow of funds
- Redemption provisions
- Foreclosure provisions
- Roles and responsibilities of the Fiscal Agent
- Issuance of parity obligations
- Substitution of another Fiscal Agent

Escrow Agreement (Attachment 3): An agreement between the Agency acting on behalf of the District and U.S. Bank Trust Company, National Association as Escrow Bank. This document governs the establishment of the Escrow Fund for the non-tendered 2020 Bonds with payment of the principal and interest of the 2020 Bonds up to an including the call date of October 1, 2030, and to call the remaining 2020 Bonds on that date. The escrow is to be funded with non-callable U.S. Treasury securities.

Preliminary Official Statement (Attachment 4): Disclosure Counsel prepares a preliminary Official Statement with input from the Financing Team. Following Agency authorization, the preliminary Official Statement will be distributed by the Underwriter and used as the primary marketing document to prospective 2023 Bonds purchasers and any the owners of the 2020 Bonds that may wish to tender their 2020 Bonds for purchase. The agenda packet includes a draft of the preliminary Official Statement that the Financing Team considers to be substantially final.

A final Official Statement will be made available shortly after the 2023 Bonds are sold; it will be similar to the preliminary Official Statement except that it will reflect the final bond sale information. A table of contents of the preliminary Official Statement identifies critical topics such as the plan of finance, security for the bonds, information on the Agency, information on the LCMA Assessment District, the continuing disclosure requirements, and the form of opinion of Bond Counsel.

The distribution of the preliminary Official Statement and the final Official Statement is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require that the Official Statement include all facts that would be material to an investor purchasing the 2023 Bonds. Material information exists where there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell securities. The Securities and Exchange Commission (SEC), the agency with regulatory authority over compliance with the federal securities laws, has indicated that if a member of a legislative body, like the Agency Board of Directors, has knowledge of any material facts or circumstances that an investor would want to know prior to investing in securities, similar to the 2023 Bonds, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the preliminary Official Statement. The steps that a member of the Agency Board of Directors could take to fulfill this obligation include becoming familiar with the preliminary Official Statement and questioning Agency staff and other members of the Financing Team about the disclosure of such facts.

Continuing Disclosure Agreement (Included with Attachment 4): SEC Rule 15c2-12 requires the underwriter of an issue of municipal securities to obtain a commitment by the issuer of the securities to provide certain ongoing information. The Continuing Disclosure Agreement -- which is attached as an appendix to the preliminary Official Statement -- requires the Agency, as the obligated party with respect to the 2023 Bonds, to provide two types of ongoing disclosure – an annual report each year, and timely notices of certain types of events that are likely to be material to bond investors, if and when any occur.

Bond Purchase Agreement (Attachment 5): Under the Bond Purchase Agreement between the Agency and Hilltop Securities, Inc., as Underwriter, Hilltop Securities, Inc. will agree to purchase the 2023 Bonds contingent upon the Agency satisfying the obligations imposed within the

agreement. The Underwriter agrees to make a bona fide public offering of the 2023 Bonds as authorized by the Agency Board of Directors.

Invitation to Tender Bonds (Attachment 6): Under the Invitation to Tender Bonds, it allows DF King and Hilltop Securities, Inc. to implement the Tender Program, including the dissemination of a Notice of Purchase Prices and a Notice of Results and Acceptance of Offers in forms prepared by Bond Counsel. The purchase of tendered 2020 Bonds, if any, shall only be completed if the financing team determines the tender bonds are in the best economic interests of the Agency given the prices at which tendered 2020 Bonds would be purchased.

FINANCIAL SUMMARY

Estimated Financial Impact to the Agency

There is no impact to the Agency's General Fund or any other unrestricted fund as a result of taking the recommended actions. Annual assessments will be placed on the tax roll each year to pay ongoing costs including annual administration, operations and maintenance of the applicable levees, design and construction of the levee projects and debt service on the 2023 Bonds. Most costs of the financing, the costs of issuance, will be paid as part of the bond issuance. However, there are a few costs that are not contingent upon the sale of the 2023 Bonds. These include $15,000 plus expenses for the fees of D.F. King as Tender Agent, an estimated $10,000 in other tender expenses and an estimated $32,500 for the cost of the rating review from S&P Global Ratings. These costs may be paid from proceeds of the 2023 Bonds but must be paid even if the 2023 Bonds are not issued.

Estimated Costs of Issuance

Below is a table of the estimated costs of issuance of the 2023 Bonds:

Role	Company	Budget
Bond Counsel	Quint & Thimmig	$75,000.00
Disclosure Counsel	Quint & Thimmig	$40,000.00
Municipal Advisor	Del Rio Advisors, LLC	$67,500.00
Municipal Advisor Expenses	Del Rio Advisors, LLC	$750.00
Rating Fee	Standard & Poor's	$32,500.00
Assessment Engineer	Larsen Wurzel & Associates, Inc.	$35,000.00
Tender Agent	D.F. King	$15,000.00
Fiscal Agent Acceptance	U.S. Bank	$1,000.00
Trustee Annual Fee	U.S. Bank	$2,500.00
Escrow Agent	U.S. Bank	$1,000.00
Fiscal Agent Counsel	Dorsey & Whitney	$2,500.00
Printing / Miscellaneous	TBD	$7,500.00
Overlapping Debt Statement	California Municipal Statistics	$750.00
Additional Tender Expenses	TBD	$10,000.00
Rounding Adjustment / Contingency	Misc.	$9,000.00
Total Estimated Costs of Issuance		**$300,000.00**

PREPARED BY: Ken Dieker, Del Rio Advisors, LLC - Municipal Advisor
Seth Wurzel, Larsen Wurzel & Associates, Inc. – Assessment Engineer

APPROVED BY:

CHRIS ELIAS
EXECUTIVE DIRECTOR

ATTACHMENTS

1. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY AUTHORIZING THE ISSUANCE AND SALE OF ASSESSMENT REVENUE BONDS TO FINANCE FLOOD CONTROL IMPROVEMENTS FOR THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT, AND APPROVING RELATED DOCUMENTS AND ACTIONS

2. FISCAL AGENT AGREEMENT BY AND BETWEEN THE AGENCY AND U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS FISCAL AGENT

3. ESCROW AGREEMENT BY AND BETWEEN THE AGENCY AND U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS ESCROW BANK

4. PRELIMINARY OFFICIAL STATEMENT (INCLUDES THE CONTINUING DISCLOSURE AGREEMENT)

5. BOND PURCHASE AGREEMENT

6. INVITATION TO TENDER BONDS

RESOLUTION NO. SJAFCA 23-17

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY AUTHORIZING THE ISSUANCE AND SALE OF ASSESSMENT REVENUE BONDS TO FINANCE FLOOD CONTROL IMPROVEMENTS FOR THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the Board of Directors (the "Board of Directors") of the San Joaquin Area Flood Control Agency (the "Agency") has heretofore undertaken proceedings pursuant to the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 54703 of such Code, for and has confirmed assessments upon lands within an assessment district described in Resolution No. SJAFCA 23-07 adopted by the Board of Directors on March 16, 2023 (the "Resolution of Intention") expressing the intention of the Board of Directors to establish the Levee Construction and Maintenance Assessment District (the "LCMA Assessment District"); and

WHEREAS, a purpose of the LCMA Assessment District is to fund the cost of constructing levee and flood control improvements incident to the Lower San Joaquin River Project and Federal Emergency Management Agency accredited levees either directly or in partnership with the United States Army Corps of Engineers and the State of California, as well as costs of the operation and maintenance of levees and flood control facilities (collectively, the "Services");

WHEREAS, on May 20, 2020, the Agency issued its San Joaquin Area Flood Control Agency Smith Canal Area Assessment District Revenue Bonds, Series 2020 (the "2020 Bonds"), and the Services include the defeasance of the 2020 Bonds; and

WHEREAS, the Agency is considering a program to allow owners of the 2020 Bonds to tender them for purchase by the Agency (the "Tender Program") and to that end on April 17, 2023 the Agency hired D.F. King & Co., Inc. ("D.F. King") to provide information agent and tender agent services, and on May 8, 2023, the Agency posted a Voluntary Notice of Potential Debt Issuance, Tender, Refunding and Defeasance providing notice that it is considering the Tender Program; and

WHEREAS, the Agency has proposed to provide funds to finance various capital costs relating to the Services and in order to obtain funds to purchase tendered 2020 Bonds if the Agency continues with the Tender Program the Agency intends to issue its Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A (the "2023A Bonds") under the provisions of Article 4, Chapter 5, Division 7 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"); and

WHEREAS, in order to provide funds to advance refund any 2020 Bonds not tendered for purchase, the Agency has proposed issuing its Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B (the "2023B Bonds" and together with the 2023A Bonds, the "2023 Bonds"); and

DRAFT

WHEREAS, the Board of Directors of the Agency wishes to take its action at this time authorizing the issuance and sale of the 2023 Bonds and approving related documents and official actions; and

WHEREAS, on March 16, 2017, the Board of Directors adopted Resolution No. SJAFCA 17-05, resolving to use City of Stockton (the "City") policies for the financing of the Flood Control Project, which policies included the City's Debt Management Policy for Capital and Land-Secured Financing (the "Debt Management Policy"); and

WHEREAS, on June 6, 2023, following the conduct by it of a public hearing regarding the 2023 Bonds and the Services, the Board of Supervisors of the County of San Joaquin adopted a Resolution approving the issuance of the 2023 Bonds by the Agency and finding and determining that the issuance of the 2023 Bonds and the financing of the costs of the Services with proceeds of the 2023 Bonds will result in significant public benefits within the meaning of applicable provisions of the Bond Law; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, certain information relating to the 2023 Bonds is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, following the adoption of this Resolution, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the 2023 Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Bond Law.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Joaquin Area Flood Control Agency as follows:

1. Recitals. The Board of Directors finds that the above recitals are true and correct.

2. Issuance of 2023 Bonds; Approval of Fiscal Agent Agreement and Escrow Agreement. The Board of Directors hereby authorizes the issuance of the 2023 Bonds under the Bond Law for the purpose of providing funds to finance a portion of the capital costs of the Services and costs of the defeasance of the 2020 Bonds, and hereby finds and determines that the issuance of the 2023 Bonds and the financing of capital costs of the Services and the defeasance of the 2020 Bonds with proceeds of the 2023 Bonds will result in significant public benefits within the meaning of applicable provisions of the Bond Law. The 2023A Bonds shall be issued in the aggregate principal amount not to exceed $32,000,000, and the 2023B Bonds shall be issued in an aggregate principal amount not to exceed $26,000,000, and each series of the 2023 Bonds shall be comprised of current interest bonds and shall have a final maturity not exceeding 30 years from the October 1 following the date of issuance of the 2023 Bonds.

The 2023 Bonds shall be issued under a Fiscal Agent Agreement (the "Fiscal Agent Agreement"), between the Agency and U.S. Bank Trust Company, National Association, as fiscal agent. The Fiscal Agent Agreement, in the form presented to the Board of Directors at this meeting is hereby approved. The Chair or the Vice Chair of the Board of Directors, or the Executive Director (each, a "Designated Officer"), is hereby authorized, each acting alone, to execute and deliver the Fiscal Agent Agreement in said form together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing such

DRAFT

document for the Agency upon consultation with Legal Counsel to the Agency and Bond Counsel, and the execution thereof by a Designated Officer shall be conclusive evidence of such approval.

The Board of Directors hereby approves the defeasance of the 2020 Bonds by means of a Tender Program (as more fully described in Section 5 below) with the proceeds of the 2023A Bonds, and the redemption of the 2020 Bond not tendered in connection with the Tender Program with the proceeds of the 2023B Bonds, in accordance with the provisions of the documents pursuant to which the 2020 Bonds were sold and delivered and, in the case of the 2020 Bonds to be redeemed, the Escrow Agreement, between the Agency and U.S. Bank Trust Company, National Association, as fiscal agent for the 2020 Bonds and the escrow bank thereunder (the "Escrow Agreement"). The Board of Directors hereby approves the Escrow Agreement in the form presented to the Board of Directors at this meeting. The Board of Directors hereby authorizes the Designated Officers, each acting alone, to execute and deliver the Escrow Agreement for and in the name and on behalf of the Agency in such form, together with any changes therein or additions thereto deemed advisable by the Designated Officer executing such document upon consultation with Legal Counsel to the Agency and Bond Counsel.

3. Consistent With Debt Management Policy. The Board of Directors finds and determines that the issuance of the 2023 Bonds, as contemplated by this Resolution and the Fiscal Agent Agreement, is in compliance with the applicable provisions of the Debt Management Policy.

4. Approval of Preliminary Official Statement; Final Official Statement. The Board of Directors hereby approves the Preliminary Official Statement in the form presented to the Board of Directors at this meeting, together with any changes therein or additions thereto deemed advisable by the Executive Director upon consultation with the Legal Counsel to the Agency and Disclosure Counsel. The Board of Directors hereby authorizes the Executive Director, on behalf of the Agency, to deem "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") the Preliminary Official Statement prior to its distribution by Hilltop Securities, Inc., the Underwriter for the 2023 Bonds (the "Underwriter") to prospective purchasers of the 2023 Bonds and to owners of the 2020 Bonds that may want to tender their 2020 Bonds for purchase in connection with the Tender Program.

The Underwriter, on behalf of the Agency, is authorized and directed to cause the Preliminary Official Statement to be distributed to such municipal bond broker-dealers, to such banking institutions and to such other persons as may be interested in purchasing the 2023 Bonds and to owners of the 2020 Bonds that may be interested in tendering their 2020 Bonds for purchase by the Agency.

The Executive Director is hereby authorized and directed to assist Disclosure Counsel in causing the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement"), and the Executive Director, on behalf of the Agency, is hereby authorized to execute the Final Official Statement and a statement that the facts contained in the Final Official Statement, and any supplements or amendments thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the 2023 Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the 2023 Bonds, and does not, as of the date of delivery of the 2023 Bonds, contain any untrue statement of material fact or omit to state material facts required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The execution and delivery by the Executive Director of the Final Official Statement, which shall include such changes and additions thereto deemed

DRAFT

advisable by the Executive Director upon consultation with Counsel to the Agency and Disclosure Counsel and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Final Official Statement by the Agency.

The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the 2023 Bonds and the Tender Program.

5. Approval of Purchase and Sale of Bonds; Bond Purchase Agreement and Tender Program. The Board of Directors hereby authorizes the sale of the 2023A Bonds to the Underwriter, so long as: (a) the Underwriter's discount, excluding original issue discount which does not constitute compensation to the Underwriter, does not exceed 0.5% of the principal amount of the 2023A Bonds, (b) the true interest cost of the 2023A Bonds is not in excess of 5.75%, and (c) the aggregate principal amount of the 2023A Bonds is not in excess of $32,000,000, consistent with the provisions of Section 2 above. The Board of Directors hereby authorizes the sale of the 2023B Bonds to the Underwriter, so long as: (a) the Underwriter's discount, excluding original issue discount which does not constitute compensation to the Underwriter, does not exceed 0.5% of the principal amount of the 2023B Bonds, (b) the true interest cost of the 2023B Bonds is not in excess of 6.75%, and (c) the aggregate principal amount of the 2023B Bonds is not in excess of $26,000,000, consistent with the provisions of Section 2 above.

The Board of Directors hereby approves the Bond Purchase Agreement, by and between the Underwriter and the Agency, in the form presented to the Board of Directors at this meeting, together with such additions thereto and changes therein as the Executive Director, upon consultation with the Counsel to the Agency and Bond Counsel, shall deem necessary, desirable or appropriate, and the execution of the Bond Purchase Agreement by the Executive Director shall be conclusive evidence of the approval of any such additions and changes to the Bond Purchase Agreement. The Executive Director is hereby authorized and directed to execute the final form of the Bond Purchase Agreement on behalf of the Agency.

The Board of Directors hereby approves the Invitation to Tender Bonds in the form presented to the Board of Directors at this meeting, together with any changes therein or additions thereto deemed advisable by the Executive Director upon consultation with Legal Counsel to the Agency and Bond Counsel. The Board of Directors hereby authorizes the Executive Director, on behalf of the Agency, to disseminate the Invitation to Tender Bonds, and directs the Executive Director and the Accounting and Finance Director to work with the Agency's Municipal Advisor, the Underwriter and D.F. King to implement the Tender Program, including the dissemination of a Notice of Purchase Prices and a Notice of Results and Acceptance of Offers in forms prepared by Bond Counsel; provided, however, the purchase of tendered 2020 Bonds shall only be completed if the Agency's Municipal Advisor, upon consultation with the Underwriter, determines that the acceptance of the tender of specific maturities of the 2020 Bonds is in the best economic interests of the Agency given the prices at which tendered 2020 Bonds would be purchased.

6. Approval of Continuing Disclosure Agreement. The Continuing Disclosure Agreement (the "Disclosure Agreement"), in the form attached as Appendix E to the Preliminary Official Statement presented to the Board of Directors at this meeting, is hereby approved. Each Designated Officer, acting alone, is hereby authorized to execute and deliver the Disclosure Agreement in said form, with such additions thereto or changes therein as are recommended or approved by such officer upon consultation with Counsel to the Agency and Disclosure Counsel,

the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Disclosure Agreement by a Designated Officer.

7. Execution of 2023 Bonds. The 2023 Bonds shall be executed by the Chair of the Board of Directors of the Agency, and attested by the Executive Director of the Agency, in each case by manual or facsimile signature and in the respective forms set forth in the Fiscal Agent Agreement. The 2023 Bonds shall then be delivered to the Fiscal Agent for authentication and registration.

8. Delivery of 2023 Bonds. The 2023 Bonds, when executed, shall be delivered for authentication to the Fiscal Agent. The Fiscal Agent is hereby requested and directed to authenticate the 2023 Bonds by executing the Fiscal Agent's certificate of authentication and registration appearing thereon, and to deliver the 2023 Bonds, when duly executed and authenticated, to the Underwriter in accordance with written instructions executed on behalf of the Authority by the Executive Director, which instructions such officer is hereby authorized and directed to execute and deliver to the Fiscal Agent. Such instructions shall provide for the delivery of the 2023 Bonds to the Underwriter in accordance with the Bond Purchase Agreement, upon payment of the purchase prices therefor.

9. Performance of Duties by Officers. Each and every officer of the Agency is authorized to perform his or her services on behalf of the Agency required under the Fiscal Agent Agreement and otherwise required in connection with the administration of the LCMA Assessment District. The Executive Director is authorized to pay the costs of such services as are necessary to effect the issuance of the 2023 Bonds and the defeasance of the 2020 Bonds. Such services shall include, but are not limited to, Bond and Disclosure Counsel fees, fees of the Municipal Advisor, printing the 2023 Bonds, printing the disclosure documents, legal services, financial consultant's services, Fiscal Agent's and Escrow Bank's services and any other services appropriate for the issuance of the 2023 Bonds and the defeasance of the 2020 Bonds. These costs shall be paid from the Costs of Issuance Fund established by the Fiscal Agent Agreement.

10. Ratification of Previous Actions; Official Actions. All actions heretofore taken by officers and agents of the Agency with respect to the Services to be funded by the LCMA Assessment District, the sale and issuance of the 2023 Bonds and the defeasance of the 2020 Bonds are hereby approved, confirmed and ratified. The officers of the Agency are hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the 2023 Bonds and the defeasance of the 2020 Bonds. In furtherance of the foregoing, the Executive Director is hereby authorized to approve modifications to the documents approved by this Resolution to allow for a reserve fund insurance policy or a bond insurance policy for the 2023 Bonds if, upon the advice of the Underwriter and the Municipal Advisor to the Agency for the 2023 Bonds, such surety bond or insurance policy are advantageous to the Agency in the circumstances.

DRAFT

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

PASSED, APPROVED AND ADOPTED this 15th day of June, 2023.

GARY SINGH, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

DRAFT

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Underwriter which has been represented to have been provided in good faith:

(A) True Interest Cost of the 2023A Bonds: 4.72%

True Interest Cost of the 2023B Bonds: 6.07%

(B) Finance Charges for the 2023 Bonds: $798,597

(C) Net 2023 Bond Proceeds to be Received: $26,586,252 (net of Finance Charges, reserves or capitalized interest)

(D) Total Payment Amount through Maturity (sum of all 2023 Bond debt service): $57,519,382

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on May 30, 2023.

The principal amount of each series of the 2023 Bonds, the true interest cost of each series of the 2023 Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the 2023 Bonds being different than the date used for purposes of such estimates, (b) the actual principal amount of each series of 2023 Bonds sold being different from the estimated amount used for purposes of such estimates, including by reason of a change in the expected principal amount of 2020 Bonds to be tendered, (c) the actual principal amortization of each series of the 2023 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates on each series of the 2023 Bonds at the time of sale of the 2023 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Agency's financing plan, or a combination of such factors. The actual date of sale of the 2023 Bonds and the actual principal amount of each series of the 2023 Bonds sold will be determined based on the timing of the need for proceeds of the 2023 Bonds and other factors. The actual interest rates on each series of the 2023 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the principal of each series of the 2023 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Agency.

FISCAL AGENT AGREEMENT

by and between the

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Fiscal Agent

dated as of July 1, 2023

relating to:
$_____
San Joaquin Area Flood Control Agency
Levee Construction and Maintenance Assessment District
Assessment Revenue Bonds, Series 2023A
and
$_____
San Joaquin Area Flood Control Agency
Levee Construction and Maintenance Assessment District
Taxable Assessment Revenue Refunding Bonds, Series 2023B

TABLE OF CONTENTS

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement ... 3
Section 1.02. Agreement for Benefit of Bondowners. ... 3
Section 1.03. Definitions ... 3

ARTICLE II

THE 2023 BONDS

Section 2.01. Principal Amount; Designation. ... 12
Section 2.02. Terms of 2023 Bonds ... 12
Section 2.03. Redemption. ... 13
Section 2.04. Form of 2023 Bonds. ... 16
Section 2.05. Execution of 2023 Bonds. ... 16
Section 2.06. Transfer of 2023 Bonds. ... 16
Section 2.07. Exchange of 2023 Bonds ... 17
Section 2.08. Bond Register. ... 17
Section 2.09. Temporary 2023 Bonds. ... 17
Section 2.10. 2023 Bonds Mutilated, Lost, Destroyed or Stolen ... 17
Section 2.11. Book-Entry System ... 18
Section 2.12. Incurrence of Parity Obligations ... 19

ARTICLE III

ISSUANCE OF 2023 BONDS

Section 3.01. Issuance and Delivery of 2023 Bonds ... 21
Section 3.02. Application of Proceeds of Sale of 2023 Bonds ... 21
Section 3.03. Validity of 2023 Bonds ... 22
Section 3.04. Pledge of Assessment Revenues ... 22

ARTICLE IV

ESTABLISHMENT OF FUNDS

Section 4.01. Improvement Fund ... 23
Section 4.02. Bond Fund ... 23
Section 4.03. Reserve Fund ... 24
Section 4.04. Costs of Issuance Fund ... 27

ARTICLE V

COVENANTS OF THE AGENCY

Section 5.01. Levy and Collection of Assessments ... 28
Section 5.02. Receipt, Deposit and Application of Assessment Revenues ... 28
Section 5.03. Punctual Payment ... 29
Section 5.04. Extension of Time for Payment ... 29
Section 5.05. Against Encumbrance. ... 29
Section 5.06. Books and Accounts ... 29
Section 5.07. Protection of Security and Rights of Owners. ... 29
Section 5.08. Continuing Disclosure Agreement ... 29
Section 5.09. Further Assurances ... 29
Section 5.10. Private Activity Bond Limitation. ... 30
Section 5.11. Private Loan Financing Limitation. ... 30
Section 5.12. Federal Guarantee Prohibition ... 30
Section 5.13. No Arbitrage. ... 30
Section 5.14. Maintenance of Tax-Exemption. ... 30
Section 5.15. Rebate Requirement ... 30

ARTICLE VI

INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE AGENCY

Section 6.01. Deposit and Investment of Moneys in Funds ... 31
Section 6.02. Liability of Agency ... 31
Section 6.03. Employment of Agents by Agency. ... 33

ARTICLE VII

THE FISCAL AGENT

Section 7.01. Appointment of Fiscal Agent. 34
Section 7.02. Liability of Fiscal Agent 35
Section 7.03. Information; Books and Accounts. 36
Section 7.04. Notice to Fiscal Agent. 37
Section 7.05. Compensation; Indemnification 37

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01. Amendments Permitted 38
Section 8.02. Owners' Meetings 38
Section 8.03. Procedure for Amendment with Written Consent of Owners. 38
Section 8.04. Disqualified Bonds. 39
Section 8.05. Effect of Supplemental Agreement 39
Section 8.06. Endorsement or Replacement of Bonds Issued After Amendment. 40
Section 8.07. Amendatory Endorsement of Bonds 40

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. 41
Section 9.02. Successor is Deemed Included in All Reference to Predecessor. 41
Section 9.03. Discharge of Agreement. 41
Section 9.04. Execution of Documents and Proof of Ownership by Owners 41
Section 9.05. Waiver of Personal Liability. 42
Section 9.06. Notices to and Demand on Agency and Fiscal Agent 42
Section 9.07. Partial Invalidity 42
Section 9.08. Unclaimed Moneys. 43
Section 9.09. Applicable Law. 43
Section 9.10. Conflict with Benefit Assessment Act of 1982 or Bond Law 43
Section 9.11. Conclusive Evidence of Regularity 43
Section 9.12. Payment on Business Day. 43
Section 9.13. Counterparts. 43

ARTICLE X

MUNICIPAL BOND INSURANCE POLICY PROVISIONS 44

EXHIBIT A FORM OF 2023A BOND
EXHIBIT B FORM OF 2023B BOND
EXHIBIT C FORM OF OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM IMPROVEMENT FUND

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement"), dated as of July 1, 2023, is by and between the SAN JOAQUIN AREA FLOOD CONTROL AGENCY, a joint powers agency organized and existing under the laws of the State of California (the "Agency"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent").

R E C I T A L S :

WHEREAS, on March 16, 2023, the Board of Directors of the Agency adopted Resolution No. SJAFCA 23-07 (the "Resolution of Intention") relating to the formation of a benefit assessment district to pay capital costs and costs of operation and maintenance of flood control improvements generally referred to as the Lower San Joaquin River Project (the "Project"), under and pursuant to the provisions of the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 54703 of such Code (the "Benefit Assessment Act of 1982"); and

WHEREAS, the Resolution of Intention initiated proceedings for the formation of the Agency's Levee Construction and Maintenance Assessment District (the "Assessment District") and the levy of assessments on the property specially benefited by the Project; and

WHEREAS, on June 15, 2023, the Board of Directors of the Agency adopted Resolution No. SJAFCA 23-_____ (the "Resolution of Issuance") authorizing, among other matters, the issuance of three series of bonds of the Agency designated (a) "San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A" (the "2023A Bonds"), the net proceeds of which are to be used to provide financing for the capital costs of the Project and to be used to pay the purchase price of San Joaquin Area Flood Control Agency Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020 (the "2020 Bonds") tendered by the owners thereof for purchase by the Agency (the "Tendered 2020 Bonds"); and (b) "San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023C" (the "2023B Bonds," and together with the 2023A Bonds, the "2023 Bonds"), proceeds of which are to be used to refund the 2020 Bonds not purchased by the Agency with proceeds of the 2023A Bonds; and

WHEREAS, it is in the public interest and for the benefit of the Agency and the owners of the 2023 Bonds that the Agency enter into this Agreement to provide for the issuance of the 2023 Bonds, the disbursement of the proceeds of the 2023 Bonds, the disposition of the Assessments Revenues (as defined herein) securing the repayment of the 2023 Bonds and the administration and payment of the 2023 Bonds; and

WHEREAS, the Agency has determined that all things necessary to cause the 2023 Bonds, when authenticated by the Fiscal Agent and issued as provided in the Bond Law (as defined herein) and this Agreement, to be legal, valid and binding and limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the 2023 Bonds, subject to the terms hereof, have in all respects been duly authorized.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. **Authority for this Agreement**. This Agreement is entered into pursuant to the provisions of the Bond Law and the Resolution of Issuance.

Section 1.02. **Agreement for Benefit of Bondowners**. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the Agency shall be for the equal benefit, protection and security of the registered owners of the 2023 Bonds. All of the 2023 Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the 2023 Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. The Fiscal Agent may become the owner of any of the 2023 Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement (as herein defined), and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to Articles, Sections and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

"Additional Allowance" means, as of the date of calculation, the sum of: (a) the estimated increase in the Assessment Revenues (excluding Governmental Revenues) to be receivable in the next Fiscal Year as a result of the allowable escalation factor for the Assessments as set forth in the final Engineer's Report for the Assessment District; and (b) the estimated increase in the Assessment Revenues (excluding Governmental Revenues) for future Fiscal Years, beyond the next Fiscal Year, equal to the average of the actual escalation factor for the most recent three preceding Fiscal Years, but not greater than two percent (2%) for any such Fiscal Year.

"Agency" means the San Joaquin Area Flood Control Agency.

"Agency Counsel" means the law firm serving as general counsel to the Agency, or other designated counsel to the Agency.

"Agreement" means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement executed pursuant to the provisions hereof.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding 2023 Bonds in such Bond Year, assuming that the Outstanding 2023 Bonds are retired as scheduled, and (b) the principal amount of the Outstanding 2023 Bonds due in such Bond Year.

"Assessment District" means the area within jurisdiction of the Agency designated "San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District" formed by the Agency by proceedings conducted pursuant to the Resolution of Intention and the Benefit Assessment Act of 1982.

"Assessment Revenues" means all Assessments received by or on behalf of the Agency. The term "Assessment Revenues," however, does not include amounts retained by the County representing an administration fee charged for collecting the Assessments, or the portion of the Assessments levied to pay costs of the administration of the Assessment District or operation and maintenance costs of the Project.

"Assessments" means the special assessments levied on properties in the Assessment District under the provisions of the Benefit Assessment Act of 1982.

"Authorized Investments" means any of the following, to the extent acquired at Fair Market Value:

(a) Federal Securities.

(b) Time certificates of deposit or negotiable certificates of deposit issued by a state or nationally chartered bank (including the Fiscal Agent and its affiliates) or trust company, or a state or federal savings and loan association, including those placed by a third party pursuant to an agreement between the Fiscal Agent and the Agency; provided, that the certificates of deposit shall be one or more of the following: continuously and fully insured by the Federal Deposit Insurance Corporation, and/or continuously and fully secured by securities described in subdivision (a) of this definition of Authorized Investments which shall have a market value, as determined on a marked-to-market basis calculated at least weekly, and exclusive of accrued interest, of not less than 102 percent of the principal amount of the certificates on deposit.

(c) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by either Moody's or S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars ($500,000,000) and that have an "A" or higher rating for the issuer's debentures, other than commercial paper, by either Moody's or S&P, provided that purchases of eligible commercial paper may not exceed 180 days' maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation.

(d) A repurchase or reverse repurchase agreement with a state or nationally chartered bank or trust company or a national banking association (including the Fiscal Agent or any of its affiliates) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all of the following conditions are satisfied: (i) the agreement is secured by any one or more of the securities described in subdivision (a) of this definition of Authorized Investments, (ii) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars ($100,000,000) and which is independent of the issuer of the repurchase agreement, and (iii) the underlying securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(e) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution (not including any insurance company) the long-term unsecured obligations of which are rated "AA" or better by Moody's and S&P at the time of initial investment. The investment agreement shall be subject to a downgrade provision with at least the following requirements: (1) the agreement shall provide that within five Business Days after the financial institution's long-term

unsecured credit rating has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody's or S&P from the practice of rating that debt, or reduced below "AA-" by S&P or below "Aa3" by Moody's (these events are called "rating downgrades") the financial institution shall give notice to the Fiscal Agent and, within the five-day period, and for as long as the rating downgrade is in effect, shall deliver in the name of the Fiscal Agent to the Fiscal Agent federal securities allowed as investments under subdivision (a) of this definition of Authorized Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, and (2) the agreement shall provide that, if the financial institution's long-term unsecured credit rating is reduced below "A3" by Moody's or below "A-" by S&P, the Fiscal Agent may, upon not more than five Business Days' written notice to the financial institution, withdraw the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

(f) The Local Agency Investment Fund of the State Treasurer of the State of California as permitted by the State Treasurer pursuant to Section 16429.1 of the California Government Code.

(g) Investments in a money market account (including any accounts of the Fiscal Agent or its affiliates) rated in the highest rating category by Moody's or S&P, including, without limitation any mutual fund for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Fiscal Agent or an affiliate of the Fiscal Agent receives fees from funds for services rendered, (ii) the Fiscal Agent collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent.

(h) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, or bankers acceptances of depository institutions, including the Fiscal Agent or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured.

(i) Any other lawful investment for Agency funds.

"Authorized Officer" means the Chair and the Vice Chair of the Board of Directors of the Agency, the Executive Director, the Treasurer, or any other officer or employee authorized by the Board of Directors of the Agency or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

"Benefit Assessment Act of 1982" means the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 54703 of such Code.

"Bond Counsel" means (a) Quint & Thimmig LLP, or (b) any attorney or firm of attorneys acceptable to the Agency and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Fund" means the fund established and administered under Section 4.02 hereof.

"Bond Law" means Article 4 of Chapter 5 of Division 7 of the California Government Code, commencing with Section 6584 of said Code, as in effect on the Closing Date and as thereafter amended or superseded.

"Bond Register" means the books maintained by the Fiscal Agent pursuant to Section 2.08 for the registration and transfer of ownership of the 2023 Bonds.

"Bond Year" means the twelve-month period beginning on October 2 in each year and ending on October 1 in the following year except that the first Bond Year shall begin on the Closing Date and end on October 1, 2023.

"Bonds" means, collectively, the 2023 Bonds and any Bonds issued as Parity Obligations at any time Outstanding under this Agreement or any Supplemental Agreement.

"Business Day" means any day other than (a) a Saturday or a Sunday, or (b) a day on which banking institutions in the state in which the Fiscal Agent has its Principal Office are authorized or obligated by law or executive order to be closed.

"City" means the City of Stockton, California.

"Closing Date" means July __, 2023, being the date upon which there is a physical delivery of the 2023 Bonds in exchange for the amount representing the purchase price of the 2023 Bonds by the Original Purchaser.

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

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the Agency and the Dissemination Agent, dated as of July 1, 2023, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of the 2023 Bonds, which items of expense shall include, but not be limited to, printing costs for the 2023 Bonds and the official statement related thereto, costs of reproducing and binding documents, closing costs, filing and recording fees, fees and expenses of the Agency and the Fiscal Agent, initial fees and charges of the Fiscal Agent including its first annual administration fee, expenses incurred by the Agency in connection with the issuance of the 2023 Bonds, bond (underwriter's) discount, legal fees and charges, including bond and disclosure counsel, municipal advisor fees and expenses, premiums for the Municipal Bond Insurance Policy and the Reserve Policy, charges for execution, transportation and safekeeping of the 2023 Bonds and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund established and administered under Section 4.04 hereof.

"County" means the County of San Joaquin, California.

"Credit Facility" has the meaning given to such term in Section 4.03(H)(i).

"Debt Service" means the scheduled amount of interest and amortization of principal (including principal payable by reason of Section 2.03(A)(ii)) due on the 2023 Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"DTC" means The Depository Trust Company and any successor thereto.

"Depository" means DTC and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.

"Dissemination Agent" means Larsen Wurzel & Associates, Inc., in its capacity as the Dissemination Agent under the Continuing Disclosure Agreement, and any successor thereto.

"Escrow Agreement" means Escrow Agreement, dated as of July 1, 2023, between the Agency and the Escrow Bank.

"Escrow Bank" means U.S. Bank Trust Company, National Association, in its capacity as the Escrow Bank under the Escrow Agreement.

"Escrow Fund" means the fund by that name established under Section 2 of the Escrow Agreement.

"Executive Director" means the person serving as the Executive Director of the Agency pursuant to the Joint Powers Agreement.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "fair market value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the code, (c) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly, and fully and unconditionally, guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as stripped obligations and coupons; or (b) any of the following obligations of the following agencies of the

United States of America: (i) direct obligations of the Export-Import Bank, (ii) certificates of beneficial ownership issued by the Farmers Home Administration, (iii) participation certificates issued by the General Services Administration, (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (v) project notes issued by the United States Department of Housing and Urban Development, and (vi) public housing notes and bonds guaranteed by the United States of America.

"Fiscal Agent" means the Fiscal Agent appointed by the Agency and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01 hereof.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Governmental Revenues" means Assessment Revenues which are imposed on any federal, state or local government agency.

"Improvement Fund" means the fund established and administered under Section 4.01 hereof.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the Agency or any Authorized Officer, and who, or each of whom: (a) is judged by the person or entity that approved them to have experience in matters relating to the issuance and/or administration of bonds under the Bond Law; (b) is in fact independent and not under the domination of the Agency; (c) does not have any substantial interest, direct or indirect, with or in the Agency; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at http://emma.msrb.org); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the Agency may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means April 1 and October 1 of each year, commencing October 1, 2023.

"Joint Powers Agreement" means the Amended and Restated Joint Exercise of Powers Agreement, dated as of January 1, 2018, among the City, the County, the San Joaquin County Flood Control and Water Conservation District, the City of Lathrop, California and the City of Manteca, California, as executed by the parties thereto and as it may be amended in accordance with its terms.

["Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) then applicable highest rate of interest on the 2023 Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly,

Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Municipal Bond Insurer in its sole and absolute discretion shall specify.**]**

"Maximum Annual Debt Service" means, as of the date of any calculation, the maximum sum obtained for the current or any future Bond Year so long as any of the 2023 Bonds remain Outstanding by totaling the following amounts for such Bond Year:

(a) the aggregate amount of principal of and interest on then Outstanding 2023 Bonds coming due and payable in such Bond Year, including the principal of any 2023 Bonds coming due and payable by operation of mandatory sinking fund payments pursuant to Section 2.03(A)(ii); and

(b) the amount of interest which would be due during such Bond Year on the aggregate principal amount of the 2023 Bonds which would be outstanding in such Bond Year if the 2023 Bonds are retired as scheduled.

"Moody's" means Moody's Investors Service, Inc., and its successors.

["Municipal Bond Insurance Policy" means the insurance policy issued by the Municipal Bond Insurer guaranteeing the scheduled payment of principal of and interest on the 2023 Bonds when due.**]**

["Municipal Bond Insurer" means _____, a _____ insurance company, or any successor thereto or assignee thereof.**]**

"Officer's Certificate" means a written certificate of the Agency signed by an Authorized Officer of the Agency.

"Operating Fund" means the fund or funds heretofore established and held by or on behalf of the Agency for the receipt and deposit of Assessment Revenues.

"Original Purchaser" means Hilltop Securities Inc., the first purchaser of the 2023 Bonds from the Agency.

"Outstanding" when used as of any particular time with reference to Bonds, means, subject to the provisions of Section 8.04, all Bonds except: (a) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to this Agreement or any Supplemental Agreement.

"Owner" or "Bond Owner" means the registered owner of any Outstanding Bond as shown on the Bond Register of the Fiscal Agent under Section 2.08 hereof.

"Parity Obligations" means bonds, leases, loan agreements, installment sales agreements, notes or other obligations of the Agency secured on a parity with any then Outstanding Bonds pursuant to Section 2.12 hereof.

["Policy Costs" has the meaning given to such term in Section 4.03(H)(ii).**]**

"Principal Office" means the principal corporate trust office of the Fiscal Agent set forth in Section 9.06, except for the purpose of maintenance of the registration books and presentation

of 2023 Bonds for payment, transfer or exchange, such term shall mean the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the undertaking of the Agency to construct various flood control improvements to provide protection from flood flows within the Levee Construction and Maintenance of the County, known generally as the Smith Canal Gate Project.

"Project Costs" means any and all capital costs relating to the Project, including but not limited to the following:

(a) obligations incurred or assumed for labor, materials and equipment in connection with the Project;

(b) the costs of performance, labor and material bonds of insurance of all kinds that may be required or necessary during the course of constructing or equipping the Project, to the extent not purchased by contractors or subcontractors for the Project;

(c) all costs of engineering services, including the costs incurred or assumed for preliminary design and development work, feasibility studies, test borings, surveys, estimates, plans and specifications, and for supervising the Project as well as for the performance of all of the duties required by or consequent upon the proper improvement of the Project, and all costs of architectural services in connection with the preparation of the plans and specification for the Project;

(d) all Costs of Issuance, to the extent not paid from the Costs of Issuance Fund;

(e) all costs incurred in preparing or obtaining permits or approval from regulatory agencies in connection with the Project and the constructing and equipping of the Project;

(f) in connection with the acquisition of land relating to the Project, the deposit of amounts into an escrow in advance of such acquisition;

(g) interest coming due and payable on the 2023 Bonds during the period of design, acquisition, construction and improvement of the Project; and

(h) all other costs which are considered to be a part of the costs of the Project in accordance with the proceedings pursuant to the Resolution of Intention and generally accepted accounting principles and which will not adversely affect the exemption from federal income taxes of interest on the 2023 Bonds.

"Record Date" means the fifteenth (15th) day of the month immediately preceding the month in which the applicable Interest Payment Date occurs.

"Refunding Debt" means Parity Obligations issued by the Agency payable from the Assessment Revenues, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds or other Parity Obligations; provided that (i) the total interest cost to maturity on the Refunding Debt plus the principal amount of the Refunding Debt is less than the total interest cost to maturity on the Bonds or other Parity Obligations to be refunded plus the principal amount of the Bonds or other Parity Obligations to be refunded and (ii) the final maturity of the Refunding Debt is not later than the final maturity of the Bonds or other Parity Obligations being refunded.

"Reserve Fund" means the fund established and administered under Section 4.03 hereof.

["Reserve Policy" means the Reserve Fund Municipal Bond Insurance Policy issued by the Municipal Bond Insurer in an amount equal to the Reserve Requirement as of the Closing Date.**]**

"Reserve Requirement" means, as of any date of calculation an amount equal to the least of (a) the then Maximum Annual Debt Service, (b) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (c) ten percent (10%) of the initial principal amount of the 2023 Bonds. The Reserve Requirement as of the Closing Date is $_____.

"Resolution of Intention" means Resolution No. SJAFCA 23-07, adopted by the Board of Directors of the Agency on March 16, 2023.

"Resolution of Issuance" means Resolution No. SJAFCA 23-_____, adopted by the Council of the Agency on June 15, 2023, authorizing, among other matters, the issuance of the 2023 Bonds.

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

"Securities Depository" means The Depository Trust Company, 55 Water Street, New York, New York 10041-0099, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the Board of Directors of the Agency under the Bond Law and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

"Treasurer" means the person serving as Treasurer of the County in his or her capacity as Treasurer of the Agency, or such other person who serves as chief financial officer of the Agency pursuant to the Joint Powers Agreement.

"2023 Bonds" means, collectively, the 2023A Bonds and the 2023B Bonds.

"2023A Bonds" means the San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A, issued and Outstanding under this Agreement.

"2023B Bonds" means the San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B, issued and Outstanding under this Agreement.

ARTICLE II

THE 2023 BONDS

Section 2.01. **Principal Amount; Designation**. 2023A Bonds in the aggregate principal amount of _____ Dollars ($_____) are hereby authorized to be issued by the Agency under and subject to the terms of the Resolution of Issuance, this Agreement, the Bond Law and other applicable laws of the State of California. The 2023A Bonds shall be designated "San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A."

2023B Bonds in the aggregate principal amount of _____ Dollars ($_____) are hereby authorized to be issued by the Agency under and subject to the terms of the Resolution of Issuance, this Agreement, the Bond Law and other applicable laws of the State of California. The 2023B Bonds shall be designated "San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B."

Section 2.02. **Terms of 2023 Bonds**.

(A) Denominations. The 2023 Bonds shall be issued as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. 2023 Bonds shall be lettered and numbered in a customary manner as determined by the Fiscal Agent.

(B) Date of 2023 Bonds. The 2023 Bonds shall be dated the Closing Date.

(C) CUSIP Identification Numbers. "CUSIP" identification numbers shall be imprinted on the 2023 Bonds, but such numbers shall not constitute a part of the contract evidenced by the 2023 Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2023 Bonds. In addition, failure on the part of the Agency or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the Agency's contract with such Owners and shall not impair the effectiveness of any such notice.

(D) Maturities. The 2023A Bonds shall mature and become payable on October 1 of each year and shall bear interest at the rates per annum as follows:

Maturity Date (October 1)	Principal Amount	Interest Rate

The 2023B Bonds shall mature and become payable on October 1 of each year and shall bear interest at the rates per annum as follows:

Maturity Date (October 1)	Principal Amount	Interest Rate

(E) Interest. The 2023 Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2023 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a 2023 Bond, interest is in default thereon, such 2023 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(F) Method of Payment. Interest on the 2023 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed by first class mail on an Interest Payment Date to the registered Owner thereof at such registered Owner's address as it appears on the Bond Register maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of 2023 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, with any such instructions to remain in effect until rescinded in writing by the respective Owner. The principal of the 2023 Bonds and any premium on the 2023 Bonds are payable in lawful money of the United States of America upon surrender of the 2023 Bonds at the Principal Office of the Fiscal Agent. All 2023 Bonds paid by the Fiscal Agent pursuant this Section shall be canceled by the Fiscal Agent. Upon the payment and cancellation of any 2023 Bond, the Fiscal Agent shall destroy the canceled 2023 Bond and, upon request of the Agency, issue a certificate of destruction of such 2023 Bond to the Agency.

Section 2.03. **Redemption**.

(A)(i) Optional Redemption. The 2023A Bonds maturing on or after October 1, ____, may be redeemed and paid in advance of maturity, in whole or in part, on any date on or after October 1, ____, by giving at least 30 days notice to the Owners thereof and by paying the principal amount thereof to be redeemed, plus interest to the date of redemption, without premium.

The 2023B Bonds maturing on or after October 1, ____, may be redeemed and paid in advance of maturity, in whole or in part, on any date on or after October 1, ____, by giving at least 30 days notice to the Owners thereof and by paying the principal amount thereof to be redeemed, plus interest to the date of redemption, without premium.

(A)(ii) Mandatory Sinking Payment Redemption. The 2023A Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part on

October 1, ____, and on each October 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The 2023B Bonds maturing on October 1, ____, are subject to mandatory sinking payment redemption in part on October 1, ____ and on each October 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The amounts in the foregoing tables shall be reduced to the extent practicable so as to maintain substantially level debt service on the 2023 Bonds, as a result of any prior partial redemption of the 2023 Bonds pursuant to Section 2.03(A)(i) above, as specified in writing by the Treasurer to the Fiscal Agent (with a copy to the Executive Director).

(B) Notice to Fiscal Agent. The Treasurer shall give the Fiscal Agent written notice (with a copy of the Executive Director) of the aggregate amount of 2023 Bonds to be redeemed pursuant to subsection (A)(i) not less than forty-five (45) days prior to the applicable redemption date, or such lesser number of days as shall be consented to by the Fiscal Agent.

(C) Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption of 2023 Bonds to be mailed, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the respective Owners of any 2023 Bonds designated for redemption, at their addresses appearing on the Bond Register in the Principal Office of the Fiscal Agent, to the Original Purchaser, to the Securities Depositories and to one or more Information Services; provided that the failure to so mail or of any person or entity to receive any such notice, or any defect in any notice of redemption, shall not affect the validity of the proceedings for the redemption of such 2023 Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding 2023 Bonds are to be called for redemption, shall designate the bond numbers of the 2023 Bonds to be redeemed by giving the individual bond number of each 2023 Bond to be redeemed or shall state that all 2023 Bonds between two stated bond numbers, both inclusive, are to be redeemed or that all of the

2023 Bonds of one or more maturities have been called for redemption, shall state as to any 2023 Bond called in part the principal amount thereof to be redeemed, and shall require that such 2023 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2023 Bonds, or the portion thereof to be redeemed, will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any redemption of the 2023 Bonds under Section 2.03(A)(i) above, the notice of redemption shall state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2023 Bonds on the anticipated redemption date, and that the redemption shall not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2023 Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2023 Bonds to be redeemed, the Fiscal Agent shall send written notice to the Owners of the 2023 Bonds, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the 2023 Bonds for which notice of redemption was given shall remain Outstanding for all purposes of this Agreement.

Upon the payment of the redemption price of 2023 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, of the 2023 Bonds being redeemed with the proceeds of such check or other transfer.

Whenever provision is made in this Agreement for the redemption of less than all of the 2023 Bonds (other than a redemption pursuant to Section 2.03(A)(ii)), the Fiscal Agent shall select the 2023 Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, among maturities as directed in writing by the Treasurer (who shall specify Bonds to be redeemed so as to maintain substantially level debt service on the Bonds, and who shall provide a copy of any such written direction to the Executive Director), and by lot within a maturity in any manner which the Fiscal Agent deems appropriate.

Upon surrender of 2023 Bonds redeemed in part only, the Agency shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the Agency, a new 2023 Bond or 2023 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2023 Bond or 2023 Bonds.

(D) Purchase of 2023 Bonds in Lieu of Redemption. In lieu of redemption under Section 2.03(A), moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2023 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2023 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2023 Bonds were to be redeemed in accordance with this Agreement.

(E) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2023 Bonds so called for redemption shall have been deposited in the Bond Fund on

the date fixed for redemption, such 2023 Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date.

All 2023 Bonds redeemed by the Fiscal Agent pursuant to this Section 2.03 shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled 2023 Bonds and, upon request of the Agency, issue a certificate of destruction of such 2023 Bonds to the Agency.

Section 2.04. **Form of 2023 Bonds**. The 2023A Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution of Issuance and the Bond Law. The 2023B Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibit B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution of Issuance and the Bond Law.

Section 2.05. **Execution of 2023 Bonds**. The 2023 Bonds shall be executed on behalf of the Agency by the facsimile signatures of its Chair and its Executive Director who are in office on the Closing Date, and the seal of the Agency shall be impressed, imprinted or reproduced by facsimile thereon. If any officer whose signature appears on any 2023 Bond ceases to be such officer before delivery of the 2023 Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the 2023 Bonds to the owner. Any 2023 Bond may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such 2023 Bond shall be the proper officers of the Agency although at the nominal date of such 2023 Bond any such person shall not have been such officer of the Agency. Only such 2023 Bonds as shall bear thereon a certificate of authentication and registration in substantially the form set forth in Exhibit A or Exhibit B, as applicable, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication and registration of the Fiscal Agent shall be conclusive evidence that the 2023 Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06. **Transfer of 2023 Bonds**. Any 2023 Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 hereof by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2023 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the Agency. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer. Whenever any 2023 Bond or 2023 Bonds shall be surrendered for transfer, the Agency shall execute and the Fiscal Agent shall authenticate and deliver a new 2023 Bond or 2023 Bonds, for like aggregate principal amount(s), series, maturity(ies) and interest rate(s) in the denominations herein authorized.

No transfers of 2023 Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of 2023 Bonds for redemption, (ii) with respect to a

2023 Bond after such 2023 Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Section 2.07. **Exchange of 2023 Bonds**. 2023 Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of 2023 Bonds of authorized denominations and of the same series and maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the Agency. The Fiscal Agent shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of 2023 Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of 2023 Bonds for redemption, (ii) with respect to a 2023 Bond after such 2023 Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Section 2.08. **Bond Register**. The Fiscal Agent will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2023 Bonds which books shall show the series number, date, maturity amount, rate of interest and last registered Owner of each 2023 Bond and shall at all times be open to inspection by the Agency during regular business hours on any Business Day, upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the 2023 Bonds as hereinbefore provided.

The Agency and the Fiscal Agent will treat the Owner of any 2023 Bond whose name appears on the Bond Register as the absolute Owner of such 2023 Bond for any and all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary. The Agency and the Fiscal Agent may rely on the address of the 2023 Bondowner as it appears in the Bond Register for any and all purposes.

Section 2.09. **Temporary 2023 Bonds**. The 2023 Bonds may be initially issued in temporary form exchangeable for definitive 2023 Bonds when ready for delivery. The temporary 2023 Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the Agency, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary 2023 Bond shall be executed by the Agency and authenticated by the Fiscal Agent upon the same conditions and in substantially the same manner as the definitive 2023 Bonds. If the Agency issues temporary 2023 Bonds it will execute and furnish definitive 2023 Bonds without delay and thereupon the temporary 2023 Bonds shall be surrendered, for cancellation, in exchange for the definitive 2023 Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary 2023 Bonds an equal aggregate principal amount of definitive 2023 Bonds of authorized denominations. Until so exchanged, the temporary 2023 Bonds shall be entitled to the same benefits under to this Agreement as definitive 2023 Bonds authenticated and delivered hereunder.

Section 2.10. **2023 Bonds Mutilated, Lost, Destroyed or Stolen**. If any 2023 Bond shall become mutilated, the Agency, at the expense of the Owner of said 2023 Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new 2023 Bond of like series, tenor and principal amount in exchange and substitution for the 2023 Bond so mutilated, but only upon surrender to the Fiscal Agent of the 2023 Bonds so mutilated. Every mutilated 2023 Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent who shall, upon request of the Agency, deliver a certificate of destruction thereof to the Agency. If

any 2023 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to the Fiscal Agent and indemnity for the Agency and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the Agency, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new 2023 Bond of like series, tenor and principal amount in lieu of and in substitution for the 2023 Bond so lost, destroyed or stolen. The Agency may require payment of a sum not exceeding the actual cost of preparing each new 2023 Bond delivered under this Section 2.10 and of the expenses which may be incurred by the Agency and the Fiscal Agent for the preparation, execution, authentication and delivery. Any 2023 Bond delivered under the provisions of this Section in lieu of any 2023 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the 2023 Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other 2023 Bonds issued pursuant to this Agreement.

Section 2.11. Book-Entry System. DTC shall act as the initial Depository for the 2023 Bonds. One 2023 Bond for each maturity of each series of the 2023 Bonds shall be initially executed, authenticated, and delivered as set forth herein with a separate fully registered certificate (in print or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the 2023 Bonds shall be registered in the Bond Register kept by the Fiscal Agent for the 2023 Bonds in the name of Cede & Co., as nominee of DTC or such nominee as DTC shall appoint in writing.

The representatives of the Agency and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the 2023 Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to 2023 Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, neither the Agency nor the Fiscal Agent shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds 2023 Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the 2023 Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, neither the Agency nor the Fiscal Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the 2023 Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the 2023 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the 2023 Bonds to be redeemed in the event the Agency elects to redeem the 2023 Bonds in part, (iv) the payment to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any amount with respect to the principal of or interest on the 2023 Bonds, or (v) any consent given or other action taken by the Depository as Owner of the 2023 Bonds.

Except as set forth above, the Fiscal Agent may treat as and deem DTC to be the absolute Owner of each 2023 Bond for which DTC is acting as Depository for the purpose of payment of the principal of and interest on such 2023 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2023 Bond, for the purpose of registering transfers with respect to such 2023 Bond, and for all purposes whatsoever. The Fiscal Agent shall pay all principal of and interest on the 2023 Bonds only to or upon the order of the Owners as shown on the Bond Register, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and interest on the 2023 Bonds to the extent of the sums or sums so paid.

No person other than an Owner, as shown on the Bond Register, shall receive a physical 2023 Bond. Upon delivery by DTC to the Fiscal Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to "Cede & Co." in this Section 2.11 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the 2023 Bonds at any time by giving written notice to the Fiscal Agent during any time that the 2023 Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The Agency may terminate the services of DTC with respect to the 2023 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2023 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners, and the Agency shall mail notice of such termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the Agency determines that it is in the best interest of the Beneficial Owners of the 2023 Bonds that they be able to obtain certificated Bonds, the 2023 Bonds shall no longer be restricted to being registered in the Bond Register of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or name the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06, the 2023 Bonds will be delivered to such Beneficial Owners as soon as practicable.

Section 2.12. Incurrence of Parity Obligations. The Agency may issue or incur one or more Parity Obligations, in addition to the 2023 Bonds authorized under Section 2.01 hereof, without the consent of any Bondowners, upon compliance with the provisions of this Section 2.12. All such Parity Obligations shall be secured by a pledge of and lien on the Assessment Revenues and funds pledged for the payment of the 2023 Bonds hereunder on a parity with all Bonds Outstanding hereunder. The Agency may issue Parity Obligations subject to the following specific conditions precedent:

(A) Current Compliance. The Agency shall be in compliance in all material respects on the date of issuance or incurrence of the Parity Obligations with all covenants set forth in this Agreement and in all documents providing for the issuance of any outstanding Parity Obligations.

(B) Assessment Revenues. The amount of Assessment Revenues (excluding Governmental Revenues), as shown by the books of the Agency for the most recent completed Fiscal Year for which audited financial statements of the Agency are available, plus the Additional Allowance, in each case verified by an Independent Financial Consultant, are at least equal to 110% of the amount of Annual Debt Service and the annual amount payable on any outstanding Parity Obligations and on the proposed Parity Obligations in the current and any future Bond Year.

(C) Payment Dates. Interest on the Parity Obligations shall be payable on April 1 and October 1, and principal thereof shall be payable on October 1 in any year in which principal is payable.

(D) Reserve Fund. The document providing for the issuance or incurrence of such Parity Obligations may provide for the establishment of a separate reserve fund as security for the payment of the Parity Obligations in such amount, if any, as shall be determined by the Agency at the time of issuance or incurrence of the respective Parity Obligations (it being acknowledged that the Reserve Fund has been established as security only for the payment of the 2023 Bonds).

(E) Acceleration. The principal of the Parity Obligations shall not be subject to acceleration upon the occurrence of a default under the document or documents providing for the issuance or incurrence of the Parity Obligations.

(F) Officer's Certificate. The Agency shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance or incurrence of such Parity Obligations set forth in subsections (A), (B), (C), (D) and (E) of this Section 2.12 have been satisfied. In delivering such Officer's Certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Fiscal Agent and others selected with due care, without the need for independent inquiry or certification.

Notwithstanding the foregoing, the Agency may issue Refunding Debt as Parity Obligations without the need to satisfy the requirements of clause (B) above, and, in connection therewith, the Officer's Certificate in clause (F) above need not make reference to said clause (B).

Nothing in this Section 2.12 shall prohibit the Agency from issuing bonds or otherwise incurring debt secured by a pledge of Assessment Revenues subordinate to the pledge thereof under Section 3.04 of this Agreement, so long as the payment dates for any such subordinate debt are the same as the payment dates for the 2023 Bonds.

ARTICLE III

ISSUANCE OF 2023 BONDS

Section 3.01. **Issuance and Delivery of 2023 Bonds**. At any time after the execution of this Agreement, the Agency may issue the 2023 Bonds in the respective aggregate principal amounts set forth in Section 2.01 hereof and deliver the 2023 Bonds to the Original Purchaser. Pursuant to the Resolution of Issuance, the Authorized Officers of the Agency are authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the 2023 Bonds in accordance with the provisions of the Bond Law, the Resolution of Issuance and this Agreement, and to do and cause to be done any and all acts and things necessary or convenient for delivery of the 2023 Bonds to the Original Purchaser and the disposition of the proceeds thereof as provided herein.

Section 3.02. **Application of Proceeds of Sale of 2023 Bonds**. (A) The proceeds of the purchase of the 2023A Bonds by the Original Purchaser of $_____ (being the initial principal amount of the 2023A Bonds of $_____, less an underwriter's discount of $_____, plus a net original issue premium of $_____, and less a portion of the premium for the Municipal Bond Insurance Policy in the amount of $_____ and a portion of the premium for the Reserve Policy in the amount of $_____ (which premiums were paid by the Original Purchaser directly to the Municipal Bond Insurer on the Closing Date as an accommodation to the Agency)), shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:

(i) $_____ in the Costs of Issuance Fund established under Section 4.04;

(ii) $_____ in the Improvement Fund established under Section 4.01; and

(iii) $_____, being the remaining proceeds of the 2023A Bonds received from the Original Purchaser on the Closing Date, shall be transferred on the Closing Date by the Fiscal Agent to DTC pursuant to written instructions provided by the Agency to the Fiscal Agent dated the Closing Date.

(B) The proceeds of the purchase of the Series 2023B Bonds by the Original Purchaser of $_____ (being the initial principal amount of the 2023B Bonds of $_____, less an underwriter's discount of $_____, plus a net original issue premium of $_____, and less a portion of the premium for the Municipal Bond Insurance Policy in the amount of $_____ and a portion of the premium for the Reserve Policy in the amount of $_____ (which premiums were paid by the Original Purchaser directly to the Municipal Bond Insurer on the Closing Date as an accommodation to the Agency)), shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:

(i) $_____ in the Costs of Issuance Fund established under Section 4.04; and

(ii) $_____, being the remaining proceeds of the 2023B Bonds received from the Original Purchaser on the Closing Date, shall be transferred on the Closing Date by the Fiscal Agent to the Escrow Bank for deposit by the Escrow Bank in the Escrow Fund.

(C) In addition to the foregoing, on the Closing Date the Reserve Policy in the amount of the Reserve Requirement shall be delivered and shall be held by the Fiscal Agent for the benefit of the Reserve Fund.

Section 3.03. **Validity of 2023 Bonds**. The validity of the authorization and issuance of the 2023 Bonds shall not be dependent upon the completion of the acquisition and construction of the Project or upon the performance by any person or such person's obligation with respect to the Project.

Section 3.04. **Pledge of Assessment Revenues**. The Bonds are secured by a first pledge of all of the Assessment Revenues and all moneys on deposit in the Bond Fund. The Assessment Revenues and all moneys deposited into the Bond Fund (except as otherwise provided herein) are hereby dedicated to the payment of the principal of and interest and any premium on, the Bonds as provided herein and in the Bond Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.

The 2023 Bonds are also secured by a first and exclusive pledge of all moneys on deposit in the Reserve Fund and by the Reserve Policy. The moneys deposited into the Reserve Fund (except as otherwise provided herein) and the proceeds of any draws on the Reserve Policy are hereby dedicated to the payment of the principal of and interest and any premium on, the 2023 Bonds as provided herein and in the Bond Law until all of the 2023 Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.

Amounts in the Operating Fund, the Improvement Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The Project financed with the proceeds of the 2023 Bonds or any Parity Obligations is not in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation or destruction of any portion of the Project are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

ARTICLE IV

ESTABLISHMENT OF FUNDS

Section 4.01. **Improvement Fund**.

(A) Establishment of Improvement Fund. The Improvement Fund is hereby established as a separate fund to be held by the Fiscal Agent. The Fiscal Agent shall deposit in the Improvement Fund on the Closing Date the amount required by Section 3.02(A)(ii). Moneys in the Improvement Fund shall be held by the Fiscal Agent for the benefit of the Agency, and shall be disbursed, except as otherwise provided in subsection (D) of this Section, for the payment or reimbursement of costs of the Project.

(B) Procedure for Disbursement. Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate, substantially in the form of Exhibit C hereto, which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made, the person to which the disbursement is to be paid and state that such disbursement is for a Project cost; and

(ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

(C) Investment. Moneys in the Improvement Fund shall be invested in accordance with Section 6.01 hereof. Interest earnings and profits from such investment and deposit shall be retained in the Improvement Fund to be used for the purposes of such fund.

(D) Closing of Fund. Upon the filing of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid or are not required to be paid from the Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund as directed in said Officer's Certificate and the Improvement Fund shall be closed.

Section 4.02. **Bond Fund**.

(A) Establishment of Bond Fund. The Bond Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which deposits shall be made as required by Section 4.03 and Section 5.02(A) hereof, and, if applicable, Section 4.01(D) hereof, and any other amounts required to be deposited therein by this Agreement or the Bond Law. Moneys in the Bond Fund shall be held by the Fiscal Agent for the benefit of the Agency and the Owners of the Bonds, and shall be disbursed for the payment of the principal of and interest and any premium on, the Bonds and as otherwise provided below.

(B) Disbursements. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal, and interest and any premium, then due and payable on the Bonds, including any amounts due on the 2023 Bonds by reason of the sinking payments set forth in Section 2.03(A)(ii), or a redemption of the 2023 Bonds required by Section 2.03(A)(i), such payments to be made in the priority listed in the second succeeding paragraph.

In the event that amounts in the Bond Fund on the Business Day prior to each Interest Payment Date are insufficient to pay amounts due and owing on the 2023 Bonds on the immediately succeeding Interest Payment Date, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein, and then shall draw on the Reserve Policy, an amount to cover the amount of such Bond Fund insufficiency with respect to the 2023 Bonds. Amounts so withdrawn from the Reserve Fund or drawn on the Reserve Policy shall be deposited in the Bond Fund and shall be used solely to make payments on the 2023 Bonds.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first paragraph of this Section 4.02(B), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Each such payment shall be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

(C) Investment. Moneys in the Bond Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the Bond Fund to be used for the purposes of such fund.

Section 4.03. Reserve Fund.

(A) Establishment of Fund. There is hereby established as a separate fund to be held by the Fiscal Agent the Reserve Fund, to the credit of which the Reserve Policy equal to the Reserve Requirement as of the Closing Date for the 2023 Bonds shall be held by the Fiscal Agent, and deposits shall be made as provided in Section 5.01. Moneys in the Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the 2023 Bonds as a reserve for the payment of principal of, and interest and any premium on, the 2023 Bonds and shall be subject to a lien in favor of the Owners of the 2023 Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund as necessary to pay the principal of and interest on the 2023 Bonds on any Interest Payment Date in the event of any deficiency at any time in the Bond Fund of the amount then required for such purpose or, in accordance with the provisions of this Section, for the purpose of redeeming 2023 Bonds from the Bond Fund.

(C) Transfer Due to Deficiency in Bond Fund. Whenever a draw is made on the Reserve Policy or from amounts in the Reserve Fund (if any) and transfer is made from the Reserve Fund to the Bond Fund as necessary to pay the principal of and interest on the 2023 Bonds on any Interest Payment Date due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Treasurer (with a copy to the Executive Director), specifying the amount withdrawn.

(D) Transfer of Excess of Reserve Requirement. Whenever, on the day prior to any Interest Payment Date, or on any other date at the request of the Treasurer (with a copy to the Executive Director), the amount in the Reserve Fund, taking into account the amount available under the Reserve Policy, exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Treasurer (with a copy to the Executive Director) of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to (i) so long as the Improvement Fund has not been closed pursuant to Section 4.01(D), to the Improvement

Fund; and (ii) thereafter to the Bond Fund to be used for the payment of interest on the 2023 Bonds on the next Interest Payment Date in accordance with Section 4.02.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance of any funds in the Reserve Fund (without regard to the Reserve Policy) equals or exceeds the amount required to redeem or pay the Outstanding 2023 Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall notify the Treasurer (with a copy to the Executive Director) of such situation and, upon the written direction of the Treasurer (with a copy to the Executive Director), either (i) transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption, in accordance with Section 2.03(A)(i) and 4.02(B), as applicable, of all of the Outstanding 2023 Bonds; or (ii) retain the amount then in the Reserve Fund to be disposed of once the 2023 Bonds have been paid in full as provided in Section 9.03 hereof. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding 2023 Bonds, the balance in the Reserve Fund shall be transferred to the Agency to be used for any lawful purpose of the Agency related to the Assessment District.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this Section 4.03(E) until after (i) the calculation of any amounts due to the federal government pursuant to Section 5.15 following payment of the 2023 Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, (ii) payment of any fees and expenses due to the Fiscal Agent, and (iii) payment of any Policy Costs then due and owing.

(F) Transfer to Pay Rebate. Funds in the Reserve Fund may at any time be used, at the written direction of an Authorized Officer, for purposes of paying any rebate liability under Section 5.15.

(G) Investment. Moneys in the Reserve Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Reserve Fund to be used for the purposes of such fund.

(H) Provisions Related to the Reserve Policy. The following provisions of this Agreement shall prevail over any conflicting provisions elsewhere in this Agreement.

(i) If, on any Interest Payment Date, the moneys available in the Bond Fund do not equal the amount of the principal or interest then coming due and payable on the 2023 Bonds, the Fiscal Agent shall apply the moneys available in the Reserve Fund to make delinquent amount by transferring the amount necessary for this purpose to the Bond Fund or shall draw on the Reserve Policy and apply amounts received from such draw to make delinquent amounts by transferring the amount necessary for this purpose to the Bond Fund. To the extent there are cash or investments on deposit in the Reserve Fund, such cash or investments shall be applied first before there is any draw on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash (a "Credit Facility"). Payment of any Policy Costs (hereinafter defined) shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a *pro rata* basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then

available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw. Upon receipt of any delinquent amount with respect to which moneys have been advanced from the Reserve Fund or there has been a draw on the Reserve Policy, such amount shall be deposited in the Reserve Fund to the extent of such advance and first applied to reimburse a draw on the Reserve Policy and then to replenish any cash drawn therefrom.

The Agency has no obligation to replace the Reserve Policy or to fund the Reserve Requirement with cash if, at any time the 2023 Bonds are outstanding, amounts are unavailable under the Reserve Policy.

(ii) (a) The Agency shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Municipal Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Municipal Bond Insurer at the Late Payment Rate. If the interest provisions of this subparagraph (ii)(a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Municipal Bond Insurer, with the same force and effect as if the Agency had specifically designated such extra sums to be so applied and the Municipal Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(b) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(c) Amounts in respect of Policy Costs paid to the Municipal Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Municipal Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

(d) All cash and investments in the Reserve Fund shall be transferred to the Bond Fund for payment of the debt service on the 2023 Bonds before any drawing may be made on the Reserve Policy or any other Credit Facility in lieu of cash.

(e) Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect

to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(iii) Draws under the Reserve Policy may only be used to make payments on 2023 Bonds, and not on any Parity Obligations.

(iv) If the Agency shall fail to pay any Policy Costs in accordance with the requirements of Section 4.04(H)(ii) above, the Municipal Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Agreement other than (x) acceleration of the maturity of the 2023 Bonds, or (y) remedies which would adversely affect owners of the 2023 Bonds or any Parity Obligations then Outstanding.

(v) This Agreement shall not be discharged until all Policy Costs owing to the Municipal Bond Insurer shall have been paid in full. The Agency's obligation to pay such amount shall expressly survive payment in full of the 2023 Bonds.

(vi) The Fiscal Agent shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of Section 4.04(H)(i) hereof and provide notice to the Municipal Bond Insurer at least three (3) Business Days prior to each date upon which interest or principal is due on the 2023 Bonds.

(vii) The Reserve Policy shall expire on the earlier of the date the 2023 Bonds are no longer outstanding and the final maturity date of the 2023 Bonds.

Section 4.04. Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Costs of Issuance Fund, to the credit of which a deposit shall be made as required by Sections 3.02(A)(i) and 3.02(B)(i). Moneys in the Costs of Issuance Fund shall be held by the Fiscal Agent and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by the Treasurer and delivered to the Fiscal Agent concurrently with the delivery of the 2023 Bonds, or otherwise in an Officer's Certificate delivered to the Fiscal Agent after the Closing Date. The Fiscal Agent shall pay all Costs of Issuance after receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to an Officer's Certificate requesting payment of Costs of Issuance. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days from the date of delivery of the 2023 Bonds and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Improvement Fund. Following such transfer, the Fiscal Agent shall close the Costs of Issuance Fund.

(C) Investment. Moneys in the Costs of Issuance Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

ARTICLE V

COVENANTS OF THE AGENCY

Section 5.01. **Levy and Collection of Assessments**. The Agency shall take all actions as may be required under the Benefit Assessment Act of 1982 to levy and collect, or cause the appropriate officials of the County to levy and collect, all Assessments which the Agency is authorized to levy on properties in the Assessment District. To the maximum extent permitted by law, the Agency shall cause to be levied and collected in each Bond Year an amount of Assessment Revenues (excluding Governmental Revenues which the Agency shall annually allocate to the costs of the administration of the Assessment District and costs of the operation and maintenance of the Project) which is at least equal to 110% of the amount of principal of and interest on the 2023 Bonds and all outstanding Parity Obligations coming due in such Bond Year.

Section 5.02. **Receipt, Deposit and Application of Assessment Revenues**. The Agency has heretofore established the Operating Fund, which the Agency agrees to continue to hold and maintain for the purposes and uses set forth herein. The Agency shall deposit all Assessment Revenues in the Operating Fund promptly upon the receipt thereof. The Agency shall manage, conserve and apply moneys in the Operating Fund in such a manner that all payments of principal of and interest on the 2023 Bonds and any outstanding Parity Obligations will be made in full when due.

During each Bond Year, in addition to withdrawals required to pay any Parity Obligations and to replenish any reserve fund for any Parity Obligations in accordance with the documents pursuant to which the Parity Obligations were issued or incurred, the Agency shall withdraw amounts on deposit in the Operating Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

(A) Bond Fund. The Agency shall withdraw from the Operating Fund and pay to the Fiscal Agent for deposit into the Bond Fund an amount which, together with other available amounts then on deposit in the Bond Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the 2023 Bonds during such Bond Year, including the principal amount of 2023 Bonds that are subject to optional redemption during such Bond Year under Section 2.03(A)(i), and the principal amount of 2023 Bonds (if any) which are subject to mandatory sinking fund redemption during such Bond Year under Section 2.03(A)(ii). The Agency shall make all payments required under this subsection (a) to the Fiscal Agent not later than the second Business Day preceding the date on which such payments are due to the Bond Owners.

(B) Reserve Policy; Reserve Fund. The Agency shall transfer to the Fiscal Agent an amount of available Assessment Revenues sufficient (i) to pay any Policy Costs, and (ii) for the Fiscal Agent to deposit in the Reserve Fund the amount, if any, needed to restore the balance then on deposit in or credited to the Reserve Fund to the then Reserve Requirement. No deposit need be made in the Reserve Fund so long as the balance therein, together with the then amount of the Reserve Policy, at least equals the Reserve Requirement.

(C) Surplus. If the amount of Assessment Revenues received by the Agency in any Bond Year exceeds the aggregate amounts required to be paid from the Operating Fund during such Bond Year pursuant to the preceding provisions of this Section and the provisions of the documents pursuant to which any Parity Obligations have been issued or incurred, such excess may be applied for any lawful purposes of the Agency

related to the Assessment District, including but not limited to making transfers to a capital fund for the purpose of paying capital costs of the Project.

Section 5.03. **Punctual Payment**. The Agency will punctually pay or cause to be paid the principal of and interest and any premium on the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Section 5.04. **Extension of Time for Payment**. In order to prevent any accumulation of claims for interest after maturity, the Agency shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.05. **Against Encumbrance**. The Agency will not encumber, pledge or place any charge or lien upon any of the Assessment Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement.

Section 5.06. **Books and Accounts**. The Agency will keep, or cause to be kept, proper books of record and accounts, separate from any other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Assessments, the Assessment Revenues and the application of amounts disbursed from the Improvement Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 5.07. **Protection of Security and Rights of Owners**. The Agency will preserve and protect the security of the Bonds and the rights of the Owners thereto, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of any of the Bonds by the Agency, the Bonds shall be incontestable by the Agency.

Section 5.08. **Continuing Disclosure Agreement.** The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the Agency to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder; however, the Participating Underwriter (as defined in the Continuing Disclosure Agreement) or any Owner or beneficial owner of the 2023 Bonds may take such actions as may be necessary and appropriate to compel performance by the Agency of its obligations thereunder, including seeking mandate or specific performance by court order.

Section 5.09. **Further Assurances**. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement,

and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Section 5.10. Private Activity Bond Limitation. The Agency shall assure that the proceeds of the 2023A Bonds are not so used as to cause the 2023A Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(b) of the Code.

Section 5.11. Private Loan Financing Limitation. The Agency shall assure that the proceeds of the 2023A Bonds are not so used as to cause the 2023A Bonds to satisfy the private loan financing test of section 141(c) of the Code.

Section 5.12. Federal Guarantee Prohibition. The Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2023A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.13. No Arbitrage. The Agency shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2023 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2023 Bonds would have caused the 2023A Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 5.14. Maintenance of Tax-Exemption. The Agency shall take all actions necessary to assure the exclusion of interest on the 2023A Bonds from the gross income of the owners of the 2023A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2023A Bonds.

Section 5.15. Rebate Requirement. The Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, as applicable to the 2023A Bonds. The Agency may use amounts on deposit in the Operating Fund or the Reserve Fund to satisfy any rebate liability to the federal government.

ARTICLE VI

INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE AGENCY

Section 6.01. **Deposit and Investment of Moneys in Funds**. Subject in all respects to the provisions of Section 6.02, moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Authorized Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. The following shall apply to such investments:

(A) If at any time the Fiscal Agent does not have in effect an Officer's Certificate directing the investment of all funds held by it under this Agreement: (i) it shall so advise the Treasurer in writing (with a copy to the Executive Director) of the funds for which it does not have investment instructions; and (ii) it shall hold such funds uninvested pending its receipt of such an Officer's Certificate. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts;

(B) The Fiscal Agent may act as principal or agent in the acquisition or disposition of any investment. The Fiscal Agent shall incur no liability for losses arising from any investments made pursuant to this Section. For purposes of determining the amount on deposit in any fund or account held hereunder, all Authorized Investments or investments credited to such fund or account shall be valued at the lesser of the cost thereof (excluding accrued interest and brokerage commissions, if any) or fair market value;

(C) Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent hereunder, provided that the Fiscal Agent shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement; and

(D) The Fiscal Agent shall sell, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and the Fiscal Agent shall not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

(E) The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the Agency the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Agency specifically waives receipt of such confirmations to the extent permitted by law.

Section 6.02. **Liability of Agency**. The Agency shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly provided herein or in the Bonds. The Agency shall not be liable to any Owner in

connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct. The Agency shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default thereunder. Under this Agreement, the following shall apply to the Agency:

(A) In the absence of bad faith, the Agency, including the Treasurer and the Executive Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Agency and conforming to the requirements of this Agreement. The Agency, including the Treasurer and the Executive Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts other than to the extent of money improperly obtained or retained by the Agency;

(B) No provision of this Agreement shall require the Agency to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to (i) imposing and collecting the Assessments and transferring amounts in the Operating Fund to the Fiscal Agent, as required by Section 5.02 hereof; (ii) defending the validity of the Assessments and the Bonds, and the pledge of the Assessment Revenues, and the proceedings related to any thereof; and (iii) the payment of fees and costs of the Fiscal Agent) in the performance of any of its obligations hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it;

(C) The Agency may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Agency may consult with counsel, who may be the Agency Counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith;

(D) The Agency shall not be bound to recognize any person as the Owner of a Bond unless duly registered and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed; and

(E) Whenever in the administration of its duties under this Agreement the Agency shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Agency, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent or other expert retained by the Agency for the purposes hereof, and such certificate shall be full warrant to the Agency for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Agency may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 6.03. **Employment of Agents by Agency**. In order to perform their respective duties and obligations hereunder, the Treasurer and the Executive Director may employ such persons or entities as they, respectively, deem necessary or advisable. The Agency shall not be liable for any of the acts or omissions of such persons or entities employed by it with reasonable care and in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VII

THE FISCAL AGENT

Section 7.01. **Appointment of Fiscal Agent**. U.S. Bank Trust Company, National Association, at its corporate trust office in Los Angeles, California, is hereby appointed Fiscal Agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent. With respect to the appointment of the Fiscal Agent, the following shall apply:

(A) At any time and with or without cause, the Agency may (and at the written request of the Owners of fifty-one percent (51%) of the Outstanding Bonds shall) remove the Fiscal Agent initially appointed and any successor thereto, and the Agency may appoint a successor or successors thereto, but any Fiscal Agent shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000) and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(B) The Fiscal Agent may at any time resign by giving written notice to the Agency and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the Agency shall promptly appoint a successor Fiscal Agent, satisfying the requirements of Section 7.01(A) above, by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective only upon acceptance of appointment by a successor Fiscal Agent.

(C) If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiscal Agent shall have given to the Agency written notice of its resignation or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bond Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

(D) If, by reason of the judgment of any court, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Treasurer of the Agency in trust for the benefit of the Owners. The Agency covenants for the direct benefit of the Owners that its Treasurer in such case shall be vested with all of the rights and powers of the Fiscal Agent hereunder, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds.

(E) Any company into which a successor Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the preceding paragraphs of

this Section 7.01 shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Fiscal Agent shall give the Treasurer written notice (with a copy to the Executive Director) of any such succession hereunder.

Section 7.02. **Liability of Fiscal Agent**. With respect to the liability of the Fiscal Agent, the following shall apply:

(A) The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the Agency, and the Fiscal Agent assumes no responsibility for the correctness of the same, makes no representations as to the validity or sufficiency of this Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any official statement or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(B) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement on their face. Except as provided above in this paragraph, Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

(C) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

(D) No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(E) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement unless such Owners shall have offered to the Fiscal Agent satisfactory security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(F) The Fiscal Agent may become the owner of Bonds with the same rights it would have if it were not the Fiscal Agent.

(G) The Fiscal Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed; provided, however, that the Fiscal Agent shall remain responsible for its duties hereunder.

(H) Anything in this Agreement to the contrary notwithstanding, in no event shall the Fiscal Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

(I) The Fiscal Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Fiscal Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(J) The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Fiscal Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Agency elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's reasonable understanding of such instructions shall be deemed controlling. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction, but only with respect to actions taken prior to receipt of the subsequent written instructions. The Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized instructions that, on their face, appear to have been submitted by an Authorized Officer, and the risk of interception and misuse by third parties.

Section 7.03. **Information; Books and Accounts**. The Fiscal Agent shall provide to the Agency such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the Agency shall reasonably request, including but not limited to quarterly statements reporting funds held and transactions by the Fiscal Agent.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it relating to the payment of Debt Service on the Bonds and to the disbursement of amounts from the Bond Fund, the Improvement Fund, the Costs of Issuance Fund and the Reserve Fund. Such books of record and accounts shall, upon reasonable notice, at all times during business hours on any Business Day be subject to the inspection of the Agency and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 7.04. **Notice to Fiscal Agent**. The Fiscal Agent may conclusively rely, without undertaking any investigation or inquiry, and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be Agency Counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such person is the registered Owner of such Bond and such Bond is submitted for inspection, if required, and such Owner's title thereto satisfactorily established, if disputed. Whenever in the administration of its duties under this Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Agency, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.05. **Compensation; Indemnification**. The Agency shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, attorneys fees and expenses and other disbursements, including those of the Fiscal Agent's in house or other attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The Agency further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any costs, claims, expenses or liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligation of the Agency under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01. **Amendments Permitted**. This Agreement and the rights and obligations of the Agency and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the Agency of any pledge or lien upon the Assessments superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Bond Law, the Resolution of Issuance or the other laws of the State of California, and this Agreement), or reduce the percentage of Bonds required for the amendment hereof. No such amendment may modify any of the rights or increase any of the obligations of the Fiscal Agent (other than pursuant to Section 8.01(D)) without its written consent. This Agreement and the rights and obligations of the Agency and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the Agency in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the Agency;

(B) to make modifications not adversely affecting any outstanding series of Bonds in any material respect (as represented by the Agency in an Officer's Certificate);

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the Agency may deem necessary or desirable and not inconsistent with this Agreement, and which shall not materially adversely affect the rights of the Owners of the Bonds (as represented by the Agency in an Officer's Certificate);

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the 2023A Bonds; or

(E) in connection with the issuance or incurrence of Parity Obligations in compliance with the provisions of Section 2.12.

Section 8.02. **Owners' Meetings**. The Agency may at any time call a meeting of the Owners. In such event the Agency is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. **Procedure for Amendment with Written Consent of Owners.** The Agency and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is not permitted by Section 8.01 hereof, to take effect when and as provided in

this Section 8.03. With respect to such Supplemental Agreement under this Section 8.03, the following shall apply:

(A) A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided;

(B) Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed; and

(C) After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the Agency shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section, but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto. Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of matters therein of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the Agency and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04. **Disqualified Bonds**. Bonds owned or held for the account of the Agency, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII; provided, however, that for the purposes of any vote, consent or other action or any calculation only Bonds which the Fiscal Agent actually knows to be so owned or held shall be disregarded, unless all of the Bonds are so owned or held (in which case such Bonds shall be considered to be Outstanding). Upon request, the Agency shall specify to the Fiscal Agent those Bonds disqualified pursuant to this Section 8.04.

Section 8.05. **Effect of Supplemental Agreement**. From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties

and obligations under this Agreement of the Agency and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.06. **Endorsement or Replacement of Bonds Issued After Amendment**. The Agency may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the Agency, as to such action. In that case, upon request of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the Agency may select and designate for that purpose, a suitable notation shall be made on such Bond. The Agency may determine that new Bonds, so modified as in the opinion of the Agency is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon request of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. **Amendatory Endorsement of Bonds**. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX

MISCELLANEOUS

Section 9.01. **Benefits of Agreement Limited to Parties**. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the Agency, the Fiscal Agent, the Municipal Bond Insurer and the Owners any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

Section 9.02. **Successor is Deemed Included in All Reference to Predecessor**. Whenever in this Agreement or any Supplemental Agreement either the Agency or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the Agency or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. **Discharge of Agreement**. If the Agency shall pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of and interest and any premium on, all Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Bond Fund provided for in Section 4.02 and the Reserve Fund provided for in Section 4.03, is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the Agency shall determine, as confirmed by Bond Counsel or an independent certified public accountant, which will, together with the interest to accrue thereon and moneys then on deposit in the Bond Fund provided for in Section 4.02 and the Reserve Fund provided for in Section 4.03, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Assessments and other funds provided for in this Agreement and all other obligations of the Agency under this Agreement with respect to all Bonds Outstanding shall cease and terminate, except only the obligations of the Agency under Sections 5.10 through 5.15 hereof and the obligations of the Agency to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and all amounts owing to the Fiscal Agent pursuant to Section 7.05 hereof. Notice of such election shall be filed with the Fiscal Agent. Any funds thereafter held by the Fiscal Agent which are not required for said purpose shall be paid over to the Agency to be used by the Agency as provided in applicable law.

Section 9.04. **Execution of Documents and Proof of Ownership by Owners**. Any request, declaration or other instrument which this Agreement may require or permit to be

executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing. Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The ownership of the Bonds and the amount, maturity, number and date of holding the same shall be proved by the registration books maintained by the Fiscal Agent pursuant to Section 2.08. Any consent request, declaration or other instrument or writing of the then registered Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Agency or the Fiscal Agent in good faith and in accordance therewith.

Section 9.05. **Waiver of Personal Liability**. No Boardmember, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.06. **Notices to and Demand on Agency and Fiscal Agent**. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the Agency may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Agency with the Fiscal Agent) as follows:

San Joaquin Area Flood Control Agency
22 East Weber Avenue, Suite 301
Stockton, California 95202
Attention: Executive Director

with a copy to: County of San Joaquin
44 North San Joaquin Street, First Floor, Suite 150
Stockton, California 95202
Attention: Treasurer

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Agency to or on the Fiscal Agent may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the Agency) as follows:

U.S. Bank Trust Company, National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust
Reference: SJAFCA

Section 9.07. **Partial Invalidity**. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The Agency hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto

irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 9.08. **Unclaimed Moneys**. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when payments of principal, interest and any premium have become payable (during which period the Fiscal Agent shall hold such moneys without liability to Bondowners for interest thereon), shall be repaid by the Fiscal Agent to the Agency as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Agency for the payment of the principal of, and interest and any premium on, such Bonds.

Section 9.09. **Applicable Law**. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 9.10. **Conflict with Benefit Assessment Act of 1982 or Bond Law**. In the event of a conflict between any provision of this Agreement with any provision of the Benefit Assessment Act of 1982 or the Bond Law, the provision of the Benefit Assessment Act of 1982 or the Bond Law, as applicable, shall prevail over the conflicting provision of this Agreement.

Section 9.11. **Conclusive Evidence of Regularity**. Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Bond Law relative to their issuance, and under the Benefit Assessment Act of 1982 with respect to the levy of the Assessments.

Section 9.12. **Payment on Business Day**. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no additional interest shall accrue from such Interest Payment Date until such Business Day.

Section 9.13. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

[ARTICLE X

MUNICIPAL BOND INSURANCE POLICY PROVISIONS

Notwithstanding anything to the contrary set forth in this Agreement, the insurance provisions described below shall govern and such provisions shall not be amended without the prior written consent of the Municipal Bond Insurer.

(a) The prior written consent of the Municipal Bond Insurer shall be a condition precedent to the deposit of any Credit Facility, other than the Reserve Policy, provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in this Agreement, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the 2023 Bonds.

(b) The Municipal Bond Insurer shall be deemed to be the sole holder of the 2023 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the owners of the 2023 Bonds are entitled to take pursuant to this Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Fiscal Agent. In furtherance thereof and as a term of this Agreement and each 2023 Bond, the Fiscal Agent and each 2023 Bondowner appoint the Municipal Bond Insurer as their agent and attorney-in-fact and agree that the Municipal Bond Insurer may at any time during the continuation of any proceeding by or against the Agency under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Fiscal Agent and each 2023 Bondowner delegate and assign to the Municipal Bond Insurer, to the fullest extent permitted by law, the rights of the Fiscal Agent and each 2023 Bondowner in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the 2023 Bondowners shall expressly include mandamus.

(c) The maturity of the 2023 Bonds shall not be accelerated without the consent of the Municipal Bond Insurer and in the event the maturity of the 2023 Bonds is accelerated, the Municipal Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Agency) and the Fiscal Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Municipal Bond Insurer's obligations under the Municipal Bond Insurance Policy with respect to such 2023 Bonds shall be fully discharged.

(d) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Municipal Bond Insurer. No grace period shall be permitted for payment defaults.

(e) The Municipal Bond Insurer is included as a third-party beneficiary to this Agreement.

(f) Upon the occurrence of an optional redemption in part, the selection of any of the 2023 Bonds to be redeemed shall be subject to the approval of the Municipal Bond Insurer. The

exercise of any provision of this Agreement which permits the purchase of 2023 Bonds in lieu of redemption shall require the prior written approval of the Municipal Bond Insurer if any 2023 Bond so purchased is not cancelled upon purchase.

(g) Any amendment, supplement, modification to, or waiver of, this Agreement that requires the consent of 2023 Bondowners or adversely affects the rights and interests of the Municipal Bond Insurer shall be subject to the prior written consent of the Municipal Bond Insurer.

(h) The rights granted to the Municipal Bond Insurer under the Agreement to request, consent to or direct any action are rights granted to the Municipal Bond Insurer in consideration of its issuance of the Municipal Bond Insurance Policy. Any exercise by the Municipal Bond Insurer of such rights is merely an exercise of the Municipal Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the 2023 Bondowners and such action does not evidence any position of the Municipal Bond Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Municipal Bond Insurer.

(i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Municipal Bond Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Municipal Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the 2023 Bonds unless the Municipal Bond Insurer otherwise approves.

To accomplish defeasance of the 2023 Bonds, the Agency shall cause to be delivered to the Municipal Bond Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Municipal Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the 2023 Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow agreement (which shall be acceptable in form and substance to the Municipal Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the 2023 Bonds are no longer "Outstanding" under this Agreement and (iv) a certificate of discharge of the Fiscal Agent with respect to the 2023 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Agency, the Fiscal Agent and the Municipal Bond Insurer. The Municipal Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

2023 Bonds shall be deemed "Outstanding" under this Agreement unless and until they are in fact paid and retired or the above criteria are met.

(j) Amounts paid by the Municipal Bond Insurer under the Municipal Bond Insurance Policy shall not be deemed paid for purposes of this Agreement and the 2023 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Agency in accordance with this Agreement. This Agreement shall not be discharged unless all amounts due or to become due to the Municipal Bond Insurer have been paid in full or duly provided for.

(k) Each of the Agency and Fiscal Agent covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Assessment Revenues under this Agreement under applicable law.

(l) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date with respect to the 2023 Bonds ("Payment Date") there is not on deposit with the Fiscal Agent, after making all transfers and deposits required under this Agreement, moneys sufficient to pay the principal of and interest on the 2023 Bonds due on such Payment Date, the Fiscal Agent shall give notice to the Municipal Bond Insurer and to its designated agent (if any) (the "Municipal Bond Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2023 Bonds due on such Payment Date, the Fiscal Agent shall make a claim under the Municipal Bond Insurance Policy and give notice to the Municipal Bond Insurer and the Municipal Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2023 Bonds and the amount required to pay principal of the 2023 Bonds, confirmed in writing to the Municipal Bond Insurer and the Municipal Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Municipal Bond Insurance Policy.

The Fiscal Agent shall designate any portion of payment of principal on 2023 Bonds paid by the Municipal Bond Insurer, whether by virtue of maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2023 Bonds registered to the then current 2023 Bondowners, whether DTC or its nominee or otherwise, and shall issue a replacement 2023 Bond to the Municipal Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Fiscal Agent's failure to so designate any payment or issue any replacement 2023 Bond shall have no effect on the amount of principal or interest payable by the Agency on any 2023 Bond or the subrogation rights of the Municipal Bond Insurer.

The Fiscal Agent shall keep a complete and accurate record of all funds deposited by the Municipal Bond Insurer into the Policy Payments Account (described below) and the allocation of such funds to payment of interest on and principal of any 2023 Bond. The Municipal Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Fiscal Agent.

Upon payment of a claim under the Municipal Bond Insurance Policy, the Fiscal Agent shall establish a separate special purpose trust account for the benefit of 2023 Bondowners referred to in this Agreement as the "Policy Payments Account" and over which the Fiscal Agent shall have exclusive control and sole right of withdrawal. The Fiscal Agent shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of 2023 Bondowners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Fiscal Agent to 2023 Bondowners in the same manner as principal and interest payments are to be made with respect to the 2023 Bonds under the sections hereof regarding payment of 2023 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Agency agrees to pay to the Municipal Bond Insurer, solely from Assessment

Revenues, (i) a sum equal to the total of all amounts paid by the Municipal Bond Insurer under the Municipal Bond Insurance Policy (the "Municipal Bond Insurer Advances"); and (ii) interest on such Municipal Bond Insurer Advances from the date paid by the Municipal Bond Insurer until payment thereof in full, payable to the Municipal Bond Insurer at the Late Payment Rate per annum (collectively, the "Municipal Bond Insurer Reimbursement Amounts"). The Agency covenants and agrees that the Municipal Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Assessment Revenues and payable from the Assessment Revenues on a parity with debt service due on the 2023 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Fiscal Agent and may not be applied to satisfy any costs, expenses or liabilities of the Fiscal Agent. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Municipal Bond Insurer.

(m) The Municipal Bond Insurer shall, to the extent it makes any payment of principal of or interest on the 2023 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Agency to the Municipal Bond Insurer under this Agreement shall survive discharge or termination of this Agreement.

(n) The Agency shall pay or reimburse the Municipal Bond Insurer, solely from Assessment Revenues, any and all charges, fees, costs and expenses that the Municipal Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in this Agreement; (ii) the pursuit of any remedies under this Agreement or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Agreement whether or not executed or completed, or (iv) any litigation or other dispute in connection with this Agreement or the transactions contemplated thereby, other than costs resulting from the failure of the Municipal Bond Insurer to honor its obligations under the Municipal Bond Insurance Policy. The Municipal Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Agreement.

(o) After payment of reasonable expenses of the Fiscal Agent, the application of funds realized upon default shall be applied to the payment of expenses of the Agency or rebate only after the payment of past due and current debt service on the 2023 Bonds and amounts required to restore the Reserve Fund to the Reserve Requirement (subject to the provisions of this Agreement).

(p) The Municipal Bond Insurer shall be entitled to pay principal or interest on the 2023 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Agency (as such terms are defined in the Municipal Bond Insurance Policy) and any amounts due on the 2023 Bonds as a result of acceleration of the maturity thereof, whether or not the Municipal Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policy) or a claim upon the Municipal Bond Insurance Policy.

(q) The notice address of the Municipal Bond Insurer is: _____, Attention: _____, Re: Policy No. _____, Telephone: _____; Telecopier: _____. In each case in which notice or other communication refers to a default under this Agreement, then a copy of such notice or other communication shall also be sent to the attention of the Deputy General Counsel- Public Finance and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(r) The Municipal Bond Insurer shall be provided with the following information by the Agency or Fiscal Agent, as the case may be:

(i) Annual audited financial statements of the Agency within 180 days after the end of the Agency's fiscal year (together with a certification of the Agency that it is not aware of any default under this Agreement), and the Agency's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of the 2023 Bonds;

(iii) Notice of any default under this Agreement known to the Fiscal Agent or Agency within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the 2023 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Fiscal Agent and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Agency commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2023 Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to this Agreement;

(ix) All reports, notices and correspondence to be delivered to 2023 Bondowners under the terms of this Agreement; and

(x) All information furnished pursuant to the Continuing Disclosure Agreement shall also be provided to the Municipal Bond Insurer, simultaneously with the furnishing of such information.

(s) The Municipal Bond Insurer shall have the right to receive such additional information relating to the 2023 Bonds, this Agreement and the Assessment Revenues as it may reasonably request.

(t) The Agency will permit the Municipal Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Municipal Bond Insurer may reasonably request regarding the security for the 2023 Bonds with appropriate officers of the Agency and will use commercially reasonable efforts to enable the Municipal Bond Insurer to have access to the facilities, books and records of the Agency relating to the 2023 Bonds, this Agreement and the Assessment Revenues on any business day upon reasonable prior notice.

(u) The Fiscal Agent shall notify the Municipal Bond Insurer of any failure of the Agency to provide notices, certificates and other information required to be provided by the Agency under this Agreement.

(v) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Agreement would adversely affect the security for the 2023 Bonds or the rights of the 2023 Bondowners, the Fiscal Agent shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Municipal Bond Insurance Policy.

(w) No contract shall be entered into or any action taken by the Agency or the Fiscal Agent by which the rights of the Municipal Bond Insurer or security for or sources of payment of the 2023 Bonds or Policy Costs may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Municipal Bond Insurer.

(x) So long as any 2023 Bonds remain outstanding or any amounts are owed to the Municipal Bond Insurer by the Agency, the Agency shall not issue or incur indebtedness payable from or secured in whole or in part by the Assessment Revenues that (i) bears interest at other than fixed rates or (ii) permits the holder to tender such indebtedness for purchase prior to the stated maturity thereof, in either case without the prior written consent of the Municipal Bond Insurer.

(y) So long as any 2023 Bonds remain outstanding or any amounts are owed to the Municipal Bond Insurer by the Agency under this Agreement, the Agency shall not enter into any interest rate exchange agreement, cap, collar, floor ceiling or other agreement or instrument involving reciprocal payment obligations between the Agency and a counterparty based on interest rates applied to a notional amount of principal, without the prior written consent of the Municipal Bond Insurer.**]**

IN WITNESS WHEREOF, the Agency has caused this Agreement to be executed in its name and the Fiscal Agent has caused this Agreement to be executed in its name, all as of the date first written above.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By: _____
Chris Elias,
Executive Director

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Fiscal Agent

By: _____
Authorized Signatory

19142.02:J18855

EXHIBIT A

FORM OF 2023A BOND

United States of America
State of California
County of San Joaquin

No. _____ $_____

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT
ASSESSMENT REVENUE BOND, SERIES 2023A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
%	October 1, _____	July __, 2023	79806S ___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The SAN JOAQUIN AREA FLOOD CONTROL AGENCY, a joint powers agency organized and existing under the laws of the State of California (the "Agency") for value received, hereby promises to pay (but only out of the Assessment Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, in lawful money of the United States of America and in like manner will pay interest from the Interest Payment Date (defined below) next preceding the date on which this Bond is authenticated, unless this Bond is authenticated and registered as of an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated and registered prior to September 15, 2023, in which event it shall bear interest from the Bond Date above until payment of the principal amount shall have been discharged, at the Interest Rate per annum stated above, payable semiannually on April 1 and October 1 in each year, commencing on October 1, 2023 (each, an "Interest Payment Date"). Both the principal hereof and any redemption premium hereon are payable upon surrender of this Bond at the Principal Office (as defined in the Agreement referred to below) of U.S. Bank Trust Company, National Association as fiscal agent (the "Fiscal Agent"), in Los Angeles, California, or such other place as designated by the Fiscal Agent, and the interest hereon is payable by check mailed by first class mail to the registered owner hereof on the respective Interest Payment Date at the owner's address as it appears on the records of the Fiscal Agent as of the 15th day of the month immediately preceding the month in which the applicable Interest Payment Date occurs (the "Record Date"), or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of 2023 Bonds delivered to the Fiscal Agent prior to the applicable Record Date.

Interest on this Bond shall be payable from the interest payment date next preceding the date of authentication hereof, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest for such Interest Payment Date, or (ii) such date of authentication is after a Record Date but on or prior to an Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) such date of authentication is prior to the first Record Date, in which event interest will be payable from the Bond Date shown

above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment hereon.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of $_____ approved by the Board of Directors of the Agency on June 15, 2023 pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of the California Government Code (the "Bond Law") and is one of the series of bonds designated "San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A." The creation of the Bonds and the terms and conditions thereof are provided for the Fiscal Agent Agreement, dated as of July 1, 2023, between the Agency and the Fiscal Agent (the "Agreement"), and this reference incorporates the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. In addition to the Bonds, the Agreement provides for the issuance of the 2023B Bonds and allows for the issuance or incurrence of Parity Obligations (as such capitalized terms are defined in the Fiscal Agent Agreement) by the Agency from time to time, in each case secured by a pledge of and lien on the Assessment Revenues (as defined in the Agreement) and certain funds held under the Agreement on a parity with the pledge of and lien thereon securing the Bonds. The Agreement is authorized under and this Bond is issued under, and both are to be construed in accordance with, the Bond Law and other applicable laws of the State of California.

The Bonds are not general obligations of the Agency, but are limited obligations payable solely from the Assessment Revenues and funds pledged therefor under the Agreement.

The Bonds maturing on or after October 1, ____ are subject to redemption prior to their stated maturity on any date occurring on or after October 1, ____, as a whole or in part among maturities as provided in the Agreement, at a redemption price equal to the principal of the Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on October 1, ____, are subject to mandatory sinking payment redemption in part on October 1, ____ and on each October 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement. Notices of optional redemption may be conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the Bonds on the anticipated redemption date, and if the Fiscal Agent does not receive sufficient funds by the scheduled redemption date the redemption shall not occur and the Bonds for which notice of redemption was given shall remain outstanding for all purposes of the Agreement.

The Bonds are issuable as fully registered Bonds without coupons in denominations of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the

charges, if any, provided in the Agreement, Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount, series and maturity of Bonds of other authorized denominations.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

The Agreement and the rights and obligations of the Agency thereunder may be modified or amended as set forth therein. The Agreement contains provisions permitting the Agency to make provision for the payment of the interest on, and the principal of the 2023 Bonds so that such Bonds will no longer be deemed to be outstanding under the terms of the Agreement.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Fiscal Agent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Bond Law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by the Bond Law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, said San Joaquin Area Flood Control Agency has caused this Bond to be signed in facsimile by the Chair of the Board of Directors of said Agency and by its Executive Director, all as of the Bond Date above.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By:_____
Chair

ATTEST:

By: _____
Executive Director

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the bonds described in the within mentioned Resolution of Issuance and Fiscal Agent Agreement.

Dated: _____, 2023

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Fiscal Agent

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, the same on the registration books of the Agent, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

_____ _____

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

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

STATEMENT OF INSURANCE

_____ ("_____"), New York, New York, has delivered its Municipal Bond Insurance Policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the Bonds to U.S. Bank National Association, Los Angeles, California, or its successor, as fiscal agent for the Bonds (the "Fiscal Agent"). Said Policy is on file and available for inspection at the principal office of the Fiscal Agent and a copy thereof may be obtained from _____ or the Fiscal Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owners of the Bonds acknowledge and consent to the subrogation rights of _____ as more fully set forth in the Policy.

EXHIBIT B

FORM OF 2023B BOND

United States of America
State of California
County of San Joaquin

No. _____ $_____

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT
TAXABLE ASSESSMENT REVENUE REFUNDING BOND, SERIES 2023B

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
%	October 1, _____	July __, 2023	79806S A___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The SAN JOAQUIN AREA FLOOD CONTROL AGENCY, a joint powers agency organized and existing under the laws of the State of California (the "Agency") for value received, hereby promises to pay (but only out of the Assessment Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, in lawful money of the United States of America and in like manner will pay interest from the Interest Payment Date (defined below) next preceding the date on which this Bond is authenticated, unless this Bond is authenticated and registered as of an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated and registered prior to September 15, 2023, in which event it shall bear interest from the Bond Date above until payment of the principal amount shall have been discharged, at the Interest Rate per annum stated above, payable semiannually on April 1 and October 1 in each year, commencing on October 1, 2023 (each, an "Interest Payment Date"). Both the principal hereof and any redemption premium hereon are payable upon surrender of this Bond at the Principal Office (as defined in the Agreement referred to below) of U.S. Bank Trust Company, National Association as fiscal agent (the "Fiscal Agent"), in Los Angeles, California, or such other place as designated by the Fiscal Agent, and the interest hereon is payable by check mailed by first class mail to the registered owner hereof on the respective Interest Payment Date at the owner's address as it appears on the records of the Fiscal Agent as of the 15th day of the month immediately preceding the month in which the applicable Interest Payment Date occurs (the "Record Date"), or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of 2023 Bonds delivered to the Fiscal Agent prior to the applicable Record Date.

Interest on this Bond shall be payable from the interest payment date next preceding the date of authentication hereof, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest for such Interest Payment Date, or (ii) such date of authentication is after a Record Date but on or prior to an Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) such date of authentication is prior to the first Record Date, in which event interest will be payable from the Bond Date shown

above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment hereon.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of $_____ approved by the Board of Directors of the Agency on June 15, 2023 pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of the California Government Code (the "Bond Law") and is one of the series of bonds designated "San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B." The creation of the Bonds and the terms and conditions thereof are provided for the Fiscal Agent Agreement, dated as of July 1, 2023, between the Agency and the Fiscal Agent (the "Agreement"), and this reference incorporates the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. In addition to the Bonds, the Agreement provides for the issuance of the 2023A Bonds and allows for the issuance or incurrence of Parity Obligations (as such capitalized terms are defined in the Fiscal Agent Agreement) by the Agency from time to time, in each case secured by a pledge of and lien on the Assessment Revenues (as defined in the Agreement) and certain funds held under the Agreement on a parity with the pledge of and lien thereon securing the Bonds. The Agreement is authorized under and this Bond is issued under, and both are to be construed in accordance with, the Bond Law and other applicable laws of the State of California.

The Bonds are not general obligations of the Agency, but are limited obligations payable solely from the Assessment Revenues and funds pledged therefor under the Agreement.

The Bonds maturing on or after October 1, ____ are subject to redemption prior to their stated maturity on any date occurring on or after October 1, ____, as a whole or in part among maturities as provided in the Agreement, at a redemption price equal to the principal of the Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on October 1, ____, are subject to mandatory sinking payment redemption in part on October 1, ____ and on each October 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement. Notices of optional redemption may be conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the Bonds on the anticipated redemption date, and if the Fiscal Agent does not receive sufficient funds by the scheduled redemption date the redemption shall not occur and the Bonds for which notice of redemption was given shall remain outstanding for all purposes of the Agreement.

The Bonds are issuable as fully registered Bonds without coupons in denominations of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the

charges, if any, provided in the Agreement, Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount, series and maturity of Bonds of other authorized denominations.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, (ii) with respect to a Bond after such Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

The Agreement and the rights and obligations of the Agency thereunder may be modified or amended as set forth therein. The Agreement contains provisions permitting the Agency to make provision for the payment of the interest on, and the principal of the 2023 Bonds so that such Bonds will no longer be deemed to be outstanding under the terms of the Agreement.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Fiscal Agent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Bond Law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by the Bond Law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, said San Joaquin Area Flood Control Agency has caused this Bond to be signed in facsimile by the Chair of the Board of Directors of said Agency and by its Executive Director, all as of the Bond Date above.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By:_____
Chair

ATTEST:

By: _____
Executive Director

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the bonds described in the within mentioned Resolution of Issuance and Fiscal Agent Agreement.

Dated: _____, 2023

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Fiscal Agent

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, the same on the registration books of the Agent, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

_____ _____

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

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

STATEMENT OF INSURANCE

_____ ("_____"), New York, New York, has delivered its Municipal Bond Insurance Policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the Bonds to U.S. Bank National Association, Los Angeles, California, or its successor, as fiscal agent for the Bonds (the "Fiscal Agent"). Said Policy is on file and available for inspection at the principal office of the Fiscal Agent and a copy thereof may be obtained from _____ or the Fiscal Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owners of the Bonds acknowledge and consent to the subrogation rights of _____ as more fully set forth in the Policy.

EXHIBIT C

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT
ASSESSMENT REVENUE BONDS, SERIES 2023A

OFFICER'S CERTIFICATE NO. ___ REQUESTING DISBURSEMENT FROM IMPROVEMENT FUND

The undersigned hereby states and certifies:

(i) that I am the duly appointed, qualified and acting _____ of the San Joaquin Area Flood Control Agency (the "Agency") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) that I am an Authorized Officer, as such term is defined in that certain Fiscal Agent Agreement, dated as of July 1, 2023 (the "Fiscal Agent Agreement"), by and between the Agency and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent");

(iii) that pursuant to Section 4.01(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Improvement Fund established under the Fiscal Agent Agreement to the payee(s) designated on Schedule A attached hereto and by this reference incorporated herein, the amount(s) set forth opposite such payee, for payment or reimbursement of previous payment of costs of the Project (as that term is defined in the Fiscal Agent Agreement) as described on attached Schedule A; and

(iv) that no portion of the amount(s) now being requested to be disbursed was set forth in any Officer's Certificate requesting disbursement previously filed with the Fiscal Agent.

Dated: _____

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By:_____
Authorized Officer

SCHEDULE A

Payee Name and Address	Purpose of Obligation	Amount

ESCROW AGREEMENT

by and between the

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Escrow Bank

dated as of July 1, 2023

relating to:
a portion of the outstanding
San Joaquin Area Flood Control Agency
Smith Canal Area Assessment District
Assessment Revenue Bonds, Series 2020

TABLE OF CONTENTS

Section 1.	Appointment of Escrow Bank	1
Section 2.	Establishment of Escrow Fund	1
Section 3.	Deposit into Escrow Fund; Investment of Amounts	2
Section 4.	Instructions as to Application of Deposit	2
Section 5.	Compensation to Escrow Bank	3
Section 6.	Liabilities and Obligations of Escrow Bank	3
Section 7.	Amendment	5
Section 8.	Severability	5
Section 9.	Notices to Escrow Bank and District	5
Section 10.	Merger or Consolidation of Escrow Bank	5
Section 11.	Unclaimed Moneys	5
Section 12.	Execution of Counterparts	6
Section 13.	Governing Law	6

EXHIBIT A	PAYMENT AND REDEMPTION SCHEDULE FOR THE REFUNDED BONDS
EXHIBIT B	FORM OF NOTICE OF REDEMPTION
EXHIBIT C	NOTICE OF DEFEASANCE
EXHIBIT D	SCHEDULE OF FEDERAL SECURITIES

ESCROW AGREEMENT

This ESCROW AGREEMENT, dated as of July 1, 2020 (this "Escrow Agreement"), is by and between the SAN JOAQUIN AREA FLOOD CONTROL AGENCY (the "Agency"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, in its capacity as successor fiscal agent (the "2020 Fiscal Agent") for the 2020 Bonds (as defined below), and in its capacity as escrow bank hereunder (the "Escrow Bank").

R E C I T A L S :

WHEREAS, the Agency has heretofore issued its $23,435,000 initial principal amount of San Joaquin Area Flood Control Agency Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020 (the "2020 Bonds") pursuant to a Fiscal Agent Agreement, dated as of May 1, 2020 (the "2020 Agreement"); and

WHEREAS, the Agency has determined to provide for the refunding of a portion of the outstanding 2020 Bonds identified on Exhibit A hereto (the "Refunded 2020 Bonds"); and

WHEREAS, for the purpose of providing funds for the refunding of the Refunded 2020 Bonds, the Agency has determined to issue its $_____ San Joaquin Area Flood Control Agency Levee Construction and Maintenance District Taxable Assessment Revenue Refunding Bonds, Series 2023B (the "2023 Bonds"), pursuant to a Fiscal Agent Agreement, dated as of July 1, 2022 (the "Fiscal Agent Agreement"), by and between the Agency and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"); and

WHEREAS, the Agency wishes to make a deposit of proceeds of the 2023 Bonds with the Escrow Bank in an amount sufficient, together with certain other funds to be transferred to the Escrow Bank as provided herein, to pay the debt service due on the Refunded 2020 Bonds to and including April 1, 2030, and the redemption price of the Refunded 2020 Bonds maturing on and after October 1, 2031 on October 1, 2030, and the Agency desires to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited with the Escrow Bank; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow created herein and to perform the duties and obligations to be undertaken by it pursuant to this Escrow Agreement.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Appointment of Escrow Bank. The Agency hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

Section 2. Establishment of Escrow Fund. There is hereby created by the Agency with, and to be held by, the Escrow Bank, as security for the payment of the principal of and interest on the Refunded 2020 Bonds as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Bank for the benefit of the owners of the Refunded 2020 Bonds, said escrow to be

designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall constitute a special fund for the payment of the principal of and interest on the Refunded 2020 Bonds in accordance with this Escrow Agreement and the provisions of the 2020 Agreement.

If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 4 hereof, the Escrow Bank shall notify the Agency of such fact and the Agency shall immediately cure such deficiency from any funds that may be lawfully available for such purpose.

Section 3. Deposit into Escrow Fund; Investment of Amounts. (a) Concurrent with delivery of the 2023 Bonds, the Agency shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of $_____ in immediately available funds derived as follows: (i) $_____ from the proceeds of sale of the 2023 Bonds, and (ii) $_____ from funds held in or for the benefit of the Redemption Fund established under the 2020 Agreement. The Escrow Bank, in its capacity as Fiscal Agent for the 2020 Bonds, is hereby directed by the Agency to make the transfer of funds from the Redemption Fund under the 2020 Agreement to the Escrow Fund as described in clause (ii) of the preceding sentence.

(b) The Escrow Bank shall invest as much as practicable of the moneys deposited into the Escrow Fund pursuant to the preceding paragraph on the date of funding of the Escrow Fund in the Federal Securities (as defined in the 2020 Agreement) described in Exhibit D attached hereto (the "Escrowed Federal Securities"), and shall hold any amount not so invested in cash, uninvested. The Escrowed Federal Securities shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

(c) The Escrow Bank may rely upon the conclusion of _____, as contained in its opinion and accompanying schedules (the "Report") dated July ___, 2022, that the Escrowed Federal Securities mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to provide for (i) the debt service due on the Refunded 2020 Bonds from and including April 1, 2030, and (ii) the redemption of the outstanding Refunded 2020 Bonds maturing on and after October 1, 2031 on October 1, 2030 (the "Redemption Date") at a redemption price equal to the principal amount of the Refunded 2020 Bonds to be redeemed, together with accrued interest to the Redemption Date, without premium (the "Redemption Price"), all as set forth in Exhibit A hereto.

(d) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

Section 4. Instructions as to Application of Deposit. (a) The total amount held in the Escrow Fund pursuant to Section 3 shall be applied by the Escrow Bank to (i) pay the debt service due on the Refunded 2020 Bonds to and including April 1, 2030, and (ii) to redeem in full the Refunded 2020 Bonds maturing on and after October 1, 2031 on October 1, 2030, as more fully set forth in Exhibit A hereto. Following the final payment of the Refunded 2020 Bonds, the Escrow Bank shall transfer any remaining amounts held by it as Escrow Bank relating to the 2020 Bonds or the 2020 Agreement on October 2, 2030, to the Fiscal Agent for deposit by the Fiscal Agent in the Redemption Fund established under the Fiscal Agent Agreement.

(b) The Escrow Bank, in its capacity as Fiscal Agent under the 2020 Agreement, is hereby directed to apply the amounts in the Escrow Fund to the payment and redemption of the Refunded 2020 Bonds pursuant to the preceding paragraph. The Escrow Bank is hereby irrevocably directed by the Agency, in its capacity as the Fiscal Agent under the 2020 Agreement, to provide notice of redemption of the Refunded 2020 Bonds in substantially the

form of Exhibit B hereto, at least 30 days, but not more than 60 days, prior to October 1, 2030, as required by Section 2.03(C) of the 2020 Agreement to effect such redemption.

(c) The Escrow Bank is hereby requested, and the Escrow Bank hereby agrees, to promptly give notice of the defeasance of the Refunded 2020 Bonds in the form of defeasance notice attached hereto as Exhibit C, promptly following the execution and delivery of this Escrow Agreement and the funding of and investment of amounts in the Escrow Fund pursuant to Section 3 above.

Section 5. Compensation to Escrow Bank. The Agency shall pay the Escrow Bank compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, legal fees and other costs and expenses relating hereto, pursuant to a separate agreement between the Agency and the Escrow Bank. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes. The obligation of the Agency under this Section 5 to pay compensation already earned by the Escrow Bank and to pay costs and expenses already incurred shall survive termination of this Escrow Agreement and shall survive the resignation or removal of the Escrow Bank.

Section 6. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the Agency shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written or oral instructions of the Agency or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement. The protections, immunities and limitations from liability provided to the 2020 Fiscal Agent under the 2020 Agreement shall be afforded the Escrow Bank hereunder and are incorporated herein by this reference.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the moneys held in the Escrow Fund hereunder to accomplish the discharge of the Refunded 2020 Bonds, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the recital clauses herein shall be taken as the statements of the Agency and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the moneys in the Escrow Fund to accomplish the defeasance of the Refunded 2020 Bonds pursuant to the 2020 Agreement, or to the validity of this Escrow Agreement as to the Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement and no implied duties shall be read into this Escrow Agreement against the Escrow Bank. The Escrow Bank may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel selected by it with due care shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith.

The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors,

assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties*; provided, however,* that the Agency shall not be required to indemnify the Escrow Bank against its own negligence or willful misconduct and any liability of the Agency under this paragraph shall be payable solely from funds legally available for such purpose. The indemnities contained in this Section 6 and the compensation and reimbursement of expenses set forth in Section 5 shall survive the termination of this Escrow Agreement.

Whenever, in the administration of this Escrow Agreement, the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered in good faith by it under the provisions of this Escrow Agreement.

The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of moneys deposited with it to pay the debt service on and the redemption price of the Refunded 2020 Bonds.

The Escrow Bank shall incur no liability for losses arising from any disposition made pursuant to and in accordance with this Escrow Agreement.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder or in the exercise of its rights or powers.

Any bank, federal savings association or trust company into which the Escrow Bank may be merged or with which it may be consolidated shall become the Escrow Bank without any action of the Agency.

The Escrow Bank shall have no liability or obligation to the holders of the Refunded 2020 Bonds with respect to the payment of debt service by the Agency on any of such bonds or with respect to the observance or performance by the Agency of the other conditions, covenants and terms contained in the 2020 Agreement, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Agency pursuant to the 2020 Agreement.

The Escrow Bank shall not be liable for any error of judgment made in good faith by an authorized officer.

The Escrow Bank may at any time resign by giving written notice to the Agency, which notice shall indicate the date (not earlier than 60 days after receipt by the Agency of such notice) on which the resignation is to be effective (the "resignation date"). The Agency shall promptly appoint a successor Escrow Bank by the resignation date. Resignation of the Escrow Bank will be effective upon acceptance of appointment by a successor Escrow Bank. If the Agency does not appoint a successor Escrow Bank by the resignation date, the Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Bank. The Agency may at any time terminate the services of the Escrow Bank and appoint a new Escrow Bank hereunder, such termination to take effect only upon acceptance of the appointment by the replacement Escrow Bank.

Section 7. Amendment**.** This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents thereto of the owners of one hundred percent (100%) in aggregate principal amount of the Refunded 2020 Bonds then outstanding shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such Refunded 2020 Bondowners, but only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the Agency, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, or (c) in regard to questions arising hereunder as the parties hereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the Refunded 2020 Bonds, and that such amendment will not cause interest on the Refunded 2020 Bonds to become subject to federal income taxation.

Section 8. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 9. Notices to Escrow Bank and Agency. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank at U.S. Bank Trust Company, National Association, 633 West 5th Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Services (or such other address as may have been filed in writing by the Escrow Bank with the Agency). Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the San Joaquin Area Flood Control Agency, 22 East Weber Avenue, Suite 301, Stockton, California 95202 Attention: Executive Director (or such other address as may have been filed in writing by the Agency with the Escrow Bank).

Section 10. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as paying agent under the 2020 Agreement, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 11. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Escrow Bank for the payment and discharge of the

principal of, and the interest on, the Refunded 2020 Bonds which remains unclaimed for two (2) years after the date when the payment of such principal and interest have become payable, if such moneys were held by the Escrow Bank at such date, shall be repaid by the Escrow Bank to the Agency as its absolute property free from any trust, and the Escrow Bank shall thereupon be released and discharged with respect thereto and the owners of such Refunded 2020 Bonds shall look only to the Agency for the payment of the principal of, and interest and any premium on, such 2020 Bonds. Any right of any Refunded 2020 Bondowner to look to the Agency for such payment shall survive only so long as required under applicable law.

Section 12. Execution of Counterparts. This Escrow Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 13. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

IN WITNESS WHEREOF, the SAN JOAQUIN AREA FLOOD CONTROL AGENCY has caused this Escrow Agreement to be signed in its name by its Executive Director, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, has caused this Escrow Agreement to be signed in its corporate name by its authorized officer below, all as of the day and year first above written.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By: _____
Chris Elias,
Executive Director

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Bank

By: _____
Authorized Officer

19142.02:J18873

EXHIBIT A

IDENTIFICATION OF THE REFUNDED 2020 BONDS

Maturity Date (October 1)	Principal Amount to be Redeemed	CUSIP Number

PAYMENT AND REDEMPTION SCHEDULE FOR THE REFUNDED 2020 BONDS

Date	Interest Paid	Principal Paid	Principal Redeemed	Total Payment
October 1, 2023	$	$	$	$
April 1, 2024				
October 1, 2024				
April 1, 2025				
October 1, 2025				
April 1, 2026				
October 1, 2026				
April 1, 2027				
October 1, 2027				
April 1, 2028				
October 1, 2028				
April 1, 2029				
October 1, 2029				
April 1, 2030				
October 1, 2030				

EXHIBIT B

FORM OF NOTICE OF REDEMPTION

NOTICE OF FULL/FINAL REDEMPTION OF

San Joaquin Area Flood Control Agency
Smith Canal Area Assessment District
Assessment Revenue Bonds, Series 2020

Maturity Date	Principal Amount Called	Redemption Price[1]	Interest Rate	CUSIP Number[2]
October 1, 2031		100	4.000%	798065 AM0
October 1, 2032		100	3.000	798065 AN8
October 1, 2033		100	3.000	798065 AP3
October 1, 2034		100	3.000	798065 AQ1
October 1, 2035		100	3.000	798065 AR9
October 1, 2040		100	3.250	798065 AS7
October 1, 2045		100	3.375	798065 AT5
October 1, 2050		100	3.375	798065 AU2

NOTICE is hereby given that the San Joaquin Area Flood Control Agency (the "Agency") has called for redemption on October 1, 2030 (the "Redemption Date") the outstanding San Joaquin Area Flood Control Agency Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020 identified above (the "Bonds"), at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date (the "Redemption Price").

On the Redemption Date, the Redemption Price will become due and payable upon each Bond and interest with respect thereto shall cease to accrue from and after the Redemption Date.

Payment of principal will be made upon presentation of the Bonds on and after October 1, 2030, at the following address:

Delivery Address
U.S. Bank
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

Interest on the Bonds shall cease to accrue on and after the Redemption Date.

Under the applicable federal regulations, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the Bondowner's tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Dated: _____, 2023

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
Fiscal Agent

(1) Accrued interest to be added.

(2) Neither the Agency nor U.S. Bank Trust Company, National Association, as fiscal agent, shall be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their correctness as shown in this Notice of Full/Final Redemption. They are included solely for convenience of the owners of the Bonds.

EXHIBIT C

NOTICE OF DEFEASANCE

San Joaquin Area Flood Control Agency
Smith Canal Area Assessment District
Assessment Revenue Bonds, Series 2020

Maturity Date	Amount Defeased	CUSIP Number
October 1, 2023	$	798065 AD0
October 1, 2024		798065 AE8
October 1, 2025		798065 AF5
October 1, 2026		798065 AG3
October 1, 2027		798065 AH1
October 1, 2028		798065 AJ7
October 1, 2029		798065 AK4
October 1, 2030		798065 AL2
October 1, 2031		798065 AM0
October 1, 2032		798065 AN8
October 1, 2033		798065 AP3
October 1, 2034		798065 AQ1
October 1, 2035		798065 AR9
October 1, 2040		798065 AS7
October 1, 2045		798065 AT5
October 1, 2050		798065 AU2

NOTICE IS HEREBY GIVEN, on behalf of the San Joaquin Area Flood Control Agency (the "Agency") to the owners of the outstanding San Joaquin Area Flood Control Agency Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020 identified above (the "Bonds"), that under the Fiscal Agent Agreement pursuant to which the Bonds were issued (the "Agreement") the lien of the Agreement with respect to the Bonds has been discharged through the irrevocable deposit of cash and federal securities in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated as of July 1, 2023, by and between the Agency and U.S. Bank Trust Company, National Association, as escrow bank. As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Resolution. The pledge of the funds provided for under the Resolution and all other obligations of the Agency to the owners of the Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the payment of the redemption price of the Bonds as described below.

The cash and federal securities held in the Escrow Fund are calculated to provide sufficient moneys to pay the debt service on the Bonds to and including April 1, 2030, and to redeem the Bonds maturing on and after October 1, 2030 in full on October 1, 2030 at a redemption price equal to 100% of the principal thereof plus accrued interest to such date.

DATED this _____ day of July, 2023

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
Escrow Bank

EXHIBIT D

SCHEDULE OF ESCROWED FEDERAL SECURITIES

Type	Maturity

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2023

NEW ISSUE-FULL BOOK ENTRY

INSURED RATING: S&P: _____
UNDERLYING RATING: S&P: _____
See "RATINGS" herein

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, the interest on the 2023A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the 2023 Bonds is exempt from California personal income taxes. See "LEGAL MATTERS—Tax Matters" herein.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT

**$_____*
Assessment Revenue Bonds, Series 2023A**

**$_____*
Taxable Assessment Revenue Refunding Bonds, Series 2023B**

Dated: Date of Delivery **Due: October 1, as shown on inside cover**

The San Joaquin Area Flood Control Agency (the "Agency") is issuing its Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A (the "2023A Bonds") to (i) finance certain flood control improvements, (ii) pay the purchase price of certain of the Agency's Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020 (the "2020 Bonds") that were accepted for tender for cash, (iii) pay a portion of the premiums for a bond insurance policy and a debt service reserve insurance policy (the "Insurance Policies") for the 2023 Bonds (defined below), and (iv) pay a portion of the costs of issuance of the 2023 Bonds. The Agency is issuing its Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B (the "2023B Bonds," and together with the 2023A Bonds, the "2023 Bonds") to: (i) advance refund the 2020 Bonds that are not being purchased with proceeds of the 2023A Bonds, (ii) pay a portion of the premiums for the Insurance Policies for the 2023 Bonds, and (iii) pay a portion of the costs of issuance of the 2023 Bonds. See "THE FINANCING PLAN." The 2023 Bonds are being issued pursuant to Article 4, Chapter 5, Division 7 of the Government Code of the State of California and a Fiscal Agent Agreement, dated as of July 1, 2023 (the "Fiscal Agent Agreement"), by and between the Agency and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent").

The 2023 Bonds are payable from "Assessment Revenues" derived from annual assessments (the "Assessments") being levied by the Agency on parcels in the Agency's Levee Construction and Maintenance Assessment District, which Assessments are pledged by the Agency for payment of the 2023 Bonds.

The 2023 Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Interest on the 2023 Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2024. The 2023 Bonds will be issued in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the 2023 Bonds. Principal and interest (and premium, if any) on the 2023 Bonds are payable by the Fiscal Agent to DTC, which remits such payments to its Participants for subsequent distribution to the beneficial owners of the 2023 Bonds. See "THE 2023 BONDS—General Provisions" and Appendix E – DTC and the Book-Entry Only System.

The 2023 Bonds will mature on October 1 in the years and in the principal amounts shown on the Maturity Schedules set forth on the inside cover page of this Official Statement. The 2023 Bonds are subject to redemption prior to maturity as described herein.

The Agency may issue additional bonds that will be secured by a lien on the Assessment Revenues and by funds pledged under the Fiscal Agent Agreement for the payment of the 2023 Bonds on a parity with the 2023 Bonds. See "SECURITY FOR THE 2023 BONDS – Parity Obligations."

See "RISK FACTORS RELATING TO THE 2023 BONDS" herein for a discussion of certain risk factors that should be considered in evaluating the investment quality of the 2023 Bonds.

The 2023 Bonds are limited obligations of the Agency payable solely from and secured solely by the Assessment Revenues and funds pledged for the payment of the 2023 Bonds under the Fiscal Agent Agreement. The 2023 Bonds are not a debt or liability of the State of California or any of its political subdivisions other than the Agency and then only to the limited extent described herein.

The scheduled payment of principal of and interest on the 2023 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2023 Bonds by _____. See "BOND INSURANCE" and Appendix F—Specimen Municipal Bond Insurance Policy.

[Insurer's Logo]

MATURITY SCHEDULE
(see inside cover)

The 2023 Bonds will be offered when, as and if issued, subject to the approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel and certain other conditions. Certain legal matters with respect to the 2023 Bonds will be passed upon for the Agency by Downey Brand LLP, Sacramento, California, acting as Agency Counsel. Quint & Thimmig LLP is also serving as Disclosure Counsel to the Agency with respect to the 2023 Bonds. Kutak Rock LLP, Irvine, California is serving as counsel to the Underwriter. It is anticipated that the 2023 Bonds in book-entry form will be available for delivery through DTC on or about July 26, 2023.

HilltopSecurities
A Hilltop Holdings Company

The date of this Official Statement is July __, 2023.

* Preliminary, subject to change.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT

MATURITY SCHEDULES

$_____*
Assessment Revenue Bonds, Series 2023A

$_____ Serial Bonds
(CUSIP Prefix†: 79806S)

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix

$_____ _____% Term Bonds due October 1, ____; Yield ____% Price ____ CUSIP†: 79806S ____
$_____ _____% Term Bonds due October 1, ____; Yield ____% Price ____ CUSIP†: 79806S ____
$_____ _____% Term Bonds due October 1, ____; Yield ____% Price ____ CUSIP†: 79806S ____

$_____*
Taxable Assessment Revenue Refunding, Series 2023B

$_____ Serial Bonds
(CUSIP Prefix†: 79806S)

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix

$_____ _____% Term Bonds due October 1, ____; Yield ____% Price ____ CUSIP†: 79806S ____
$_____ _____% Term Bonds due October 1, ____; Yield ____% Price ____ CUSIP†: 79806S ____
$_____ _____% Term Bonds due October 1, ____; Yield ____% Price ____ CUSIP†: 79806S ____

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations with respect to the 2023 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Agency or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2023 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other parties described in this Official Statement, or in the condition of property within the area subject to the Assessments since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2023 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2023 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the 2023 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2023 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

2023 Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2023 Bonds have not been registered under the Securities Act of 1933 (the "Securities Act"), as amended, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act and Section 3(a)(12) of the Exchange Act.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Agency does not plan to issue any updates or revisions to those forward-looking statements if or when any expectations, events, conditions or circumstances on which such statements are based occur.

Website. The Agency maintains an internet website, but the information on the website is not incorporated in this Official Statement.

Bond Insurance. _____ ("_____") makes no representation regarding the 2023 Bonds or the advisability of investing in the 2023 Bonds. In addition, _____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding _____, supplied by _____ and presented under the heading "BOND INSURANCE" and Appendix F – Specimen Municipal Bond Insurance Policy.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

Agency Board of Directors and Status With Agency Members*

Gary Singh, *Board Chair, Manteca Councilmember*
Paul Akinjo, *Vice-Chair of the Board, Lathrop Councilmember*
Charlie Halford, *Director, Manteca Councilmember*
Dan Wright, *Director, Stockton Councilmember*
Diane Lazard, *Director, Lathrop Councilmember*
Kimberly Warmsley, *Director, Stockton Councilmember*
Miguel Villapudua, *Director, San Joaquin County Supervisor*
Paul Canepa, *Director, San Joaquin County Supervisor*

Agency Staff

Chris Elias, *Executive Director/Board Secretary*
Glenn Prasad, *MSCE, P.E., Deputy Executive Director*
Sylvia Razniak, *Accounting and Finance Administrator*

Special Services

Agency Counsel
Downey Brand LLP
Sacramento, California

Assessment Engineer, Agency Project Consultant and Dissemination Agent
Larsen Wurzel & Associates, Inc.
Sacramento, California

Municipal Advisor
Del Rio Advisors, LLC
Modesto, California

Fiscal Agent
U.S. Bank Trust Company, National Association
San Francisco, California

Bond Counsel and Disclosure Counsel
Quint & Thimmig LLP
Larkspur, California

* The members of the Agency include the County of San Joaquin, California, the Cities of Stockton, Lathrop and Manteca, California, and the San Joaquin County Flood Control and Water Conservation District.

TABLE OF CONTENTS

INTRODUCTION....1
Plan of Finance....1
The 2023 Bonds....2
Sources of Payment for the 2023 Bonds....2
Municipal Bond Insurance and Reserve Policy....3
The Assessment District....4
Professionals Involved in the Offering....4
Other Information....5
THE FINANCING PLAN....5
SOURCES AND USES OF FUNDS....6
THE 2023 BONDS....6
Authority for Issuance....6
General Provisions....6
Redemption....7
Transfer or Exchange of 2023 Bonds....10
DEBT SERVICE SCHEDULE....11
BOND INSURANCE....11
Bond Insurance Policy....11
The Municipal Bond Insurer....11
SECURITY FOR THE 2023 BONDS....12
General....12
Collection of Assessments....13
Flow of Funds....13
Tax Loss Reserve Fund - Teeter Plan....15
Reserve Fund....15
Parity Obligations....16
Assessment Methodology....17
Priority of Lien....19
Collection of Delinquent Assessments....19
THE PROJECT....20
THE ASSESSMENT DISTRICT....28
Formation of the Assessment District....28
Assessed Property....30
Levies and Collections....34
Overlapping Liens....34
Projected Debt Service Coverage....35
RISK FACTORS RELATING TO THE 2023 BONDS....37
Flood Risks Prior to Project Completion....37
Project Completion; Funding....37
Factors Affecting Parcel Value and Aggregate Values....37
Other Possible Claims Upon the Value of a Parcel....38
Levy and Collection of the Assessments....39
No Accelerated Foreclosure....40
Bankruptcy....40
Proposition 218....40
Government-Owned Properties....41
Payment of the Assessments Is Not a Personal Obligation....41
Limited Obligation to Pay Debt Service....42
Reduction of Assessments....42
Covenant to Levy Assessments Not a Guarantee....42
Depletion of Reserve Fund....42
Limitations on Remedies....43
COVID-19 Pandemic....43
Loss of Tax Exemption....43
Bond Insurance....43
Secondary Market....44
Additional Debt....44
LEGAL MATTERS....45
Tax Matters....45
Litigation....47
Legal Opinion....47
THE AGENCY....47
RATING....49
MISCELLANEOUS....49
Continuing Disclosure....49
Underwriting....50
Municipal Advisor....50
Additional Information....50

APPENDIX A SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT
APPENDIX B FORM OF OPINION OF BOND COUNSEL
APPENDIX C CITY OF STOCKTON AND SAN JOAQUIN COUNTY DEMOGRAPHIC INFORMATION
APPENDIX D FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX E DTC AND THE BOOK-ENTRY-ONLY SYSTEM
APPENDIX F SPECIMEN MUNICIPAL BOND INSURANCE POLICY

GENERAL LOCATION OF THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT

OFFICIAL STATEMENT

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT

$_____*	**$_____***
Assessment Revenue Bonds, Series 2023A	**Taxable Assessment Revenue Refunding Bonds, Series 2023B**

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2023 Bonds to potential investors is made only by means of the entire Official Statement.

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the "**Official Statement**"), is to provide certain information concerning the sale and issuance by the San Joaquin Area Flood Control and Flood Control Agency (the "**Agency**") of the Agency's Assessment Revenue Bonds, Series 2023A (the "**2023A Bonds**") and the Agency's Taxable Assessment Revenue Refunding Bonds, Series 2023B (the "**2023B Bonds**," and together with the 2023A Bonds, the "**2023 Bonds**").

The 2023 Bonds are being issued by the Agency, a joint powers agency existing under an agreement among the County of San Joaquin, California (the "**County**"), the Cities of Stockton, Lathrop and Manteca, California, and the San Joaquin County Flood Control and Water Conservation District. The Agency was created in 1995 for the purpose of addressing flood protection for the City of Stockton and surrounding areas within San Joaquin County. In 2018, the Cities of Lathrop and Manteca became members of the Agency. See "THE AGENCY." The Agency is authorized to issue the 2023 Bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Sections 6584 *et seq*. of the Government Code of the State of California, as amended), under Article 4 of the Joint Powers Act (the "**Act**") and pursuant to a Fiscal Agent Agreement, dated as of July 1, 2023 (the "**Fiscal Agent Agreement**"), by and between the Agency and U.S. Bank Trust Company, National Association, as Fiscal Agent (the "**Fiscal Agent**").

Definitions of certain capitalized terms used and not otherwise defined in this Official Statement are set forth in Appendix A – Summary of Certain Provisions of the Fiscal Agent Agreement.

Plan of Finance

Improvement Financing. Proceeds of the 2023A Bonds will be used to (i) finance the local share of the costs of certain flood control improvements, referred to in this Official Statement as the "**Project**" (see "THE PROJECT"), (ii) pay a portion of the premiums for a bond insurance policy and a debt service reserve insurance policy (collectively, the "**Insurance Policies**") for the 2023 Bonds (see "BOND INSURANCE"), and (iii) pay a portion of the costs of issuance of the 2023 Bonds.

* Preliminary, subject to change.

Tender Program. On June 16, 2023, the Agency, with the assistance of Hilltop Securities Inc., as dealer manager (the "**Dealer Manager**"), released an Invitation to Tender Bonds (the "**Invitation to Tender**") inviting owners of the Agency's Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020 (the "**2020 Bonds**") to tender their 2020 Bonds for purchase by the Agency. Proceeds of the 2020 Bonds were used to finance costs of the Smith Canal Project, which is a component of the Project. On July __, 2023, the Agency accepted tenders for purchase of a portion of the 2020 Bonds. In addition to financing costs of the Project as described above, proceeds of the 2023A Bonds will be used to pay the purchase price of 2020 Bonds tendered for purchase pursuant to the Invitation to Tender and accepted by the Agency.

Advance Refunding. Proceeds of the 2023B Bonds will be used to: (i) advance refund the 2020 Bonds that are not being purchased with proceeds of the 2023A Bonds, (ii) pay a portion of the premiums for the Insurance Policies for the 2023 Bonds, and (iii) pay a portion of the costs of issuance of the 2023 Bonds. See "THE FINANCING PLAN."

The 2023 Bonds

The 2023 Bonds will bear interest from their dated date at the respective rates per annum set forth on the inside cover page hereof, payable semiannually on April 1 and October 1, commencing April 1, 2024 (each, an "**Interest Payment Date**"), and will be issued in the principal amounts and mature on the dates set forth on the inside cover page hereof.

The 2023 Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (**"DTC**"), and will be available to actual purchasers of the 2023 Bonds (the **"Beneficial Owners**") under the book-entry system maintained by DTC. See "THE 2023 BONDS—General Provisions" and Appendix F – DTC and the Book-Entry Only System.

The 2023 Bonds are subject to redemption prior to their maturity. See "THE 2023 BONDS—Redemption" herein.

Sources of Payment for the 2023 Bonds

The Agency formed the Levee Construction and Maintenance Assessment District (the "**Assessment District**") on June 15, 2023 to fund the local share of the costs of the design and construction of certain flood protection improvements (referred to in this Official Statement as the "**Project**") in an area that lies within and in the vicinity of the City of Stockton, generally known as the Lower San Joaquin River Project (the "**LSJRP**"), and to fund annual costs of the operations and maintenance and related services necessary to maintain the San Joaquin County Flood Control and Water Conservation District's (the "**SJCFCWCD's**") Zone 9 project levees (the "**Zone 9 Levees**") and operations and maintenance services associated with the Project (collectively, the "**Services**"). See "THE FINANCING PLAN" and "THE PROJECT."

The 2023 Bonds are secured by a pledge of and are payable from **"Assessment Revenues"** derived from annual assessments ("**Assessments**") levied by the Agency upon property in the Assessment District as described herein. Assessment Revenues are defined in the Fiscal Agent Agreement as all Assessments received by or on behalf of the Agency from properties in the Assessment District under the provisions of the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "**1982 Act**"). The "Assessment Revenues" do not include amounts retained by the County representing an administration fee charged for collecting the Assessments, or the portion of the Assessments levied to pay costs of administration of the

Assessment District or to pay costs of the operation and maintenance of the Zone 9 Levees or of Project levees.

The Assessments are special benefit assessments authorized to be levied and collected annually on each parcel of property within the Assessment District. The Assessments are levied in accordance with the provisions of the 1982 Act. The procedure under which the Assessments are authorized to be levied was initiated by the Agency and included a protest ballot proceeding whereby owners of property in the Assessment District that will benefit from the Project and the Services elected to incur an Assessment obligation secured by a lien upon their property. See "SECURITY FOR THE 2023 BONDS" herein. Annual Assessment amounts have been determined according to a methodology based upon the benefit from the Project and the Services to be received by each parcel subject to an Assessment, as determined by the Agency's Assessment Engineer. See "SECURITY FOR THE 2023 BONDS—Assessment Methodology."

Pledge of Assessment Revenues. In the Fiscal Agent Agreement, the Assessment Revenues are pledged to secure the payment of the principal of and interest on the 2023 Bonds, and any future Parity Obligations in accordance with their terms and the provisions of the Fiscal Agent Agreement. Annual Assessments, not including the portion thereof for costs of Services and without regard to the portion thereof constituting Governmental Revenues, as defined in the Fiscal Agent Agreement, are expected to be levied in an amount equal to 110% of the annual debt service on the 2023 Bonds and any Parity Obligations. The aggregate annual Assessments will be levied in amounts also at least sufficient to pay administrative costs and current costs of the Project not otherwise funded, as well as costs of the Services, as described herein. Except for a small portion that is direct-billed by the Agency, the annual Assessments are collected by the County on behalf of the Agency on ad valorem property tax bills for the properties subject to the Assessments and when remitted to the Agency are held by the Agency in its Operating Fund until transferred to the Fiscal Agent prior to each Interest Payment Date in an amount sufficient to pay scheduled debt service on the 2023 Bonds as it becomes due.

The pledge by the Agency of Assessment Revenues to pay the 2023 Bonds constitutes a first lien on the Assessment Revenues. The Assessment Revenues and other amounts are pledged to the payment of the 2023 Bonds without priority or distinction of one over the other and the pledge of the Assessment Revenues is irrevocable until all of the 2023 Bonds are no longer Outstanding.

Parity Obligations. In addition to the 2023 Bonds, the Agency may issue or incur additional obligations secured by the Assessment Revenues on a parity with the lien which secures the 2023 Bonds. Parity Obligations may only be issued in accordance with the provisions of and subject to the conditions set forth in the Fiscal Agent Agreement. See "SECURITY FOR THE 2023 BONDS—Parity Obligations."

Municipal Bond Insurance and Reserve Policy

Concurrently with the issuance of the 2023 Bonds, _____ (the "**Municipal Bond Insurer**") will issue its Municipal Bond Insurance Policy (the "**Insurance Policy**") for the 2023 Bonds. The Insurance Policy guarantees the scheduled payment of principal of and interest on the 2023 Bonds when due as set forth in the form of the Insurance Policy included as Appendix F—Specimen Municipal Bond Insurance Policy. See "BOND INSURANCE" herein.

In order to further secure the payment of the principal of and interest on the 2023 Bonds, a Reserve Fund has been established by the Fiscal Agent Agreement. The Reserve Requirement for the 2023 Bonds, as defined in the Fiscal Agent Agreement, is anticipated to be provided for

by the purchase of a Reserve Fund Municipal Bond Insurance Policy (the "**Reserve Policy**") issued by the Municipal Bond Insurer concurrently with the issuance of the 2023 Bonds. See "SECURITY FOR THE 2023 BONDS—Reserve Fund."

The Assessment District

The Assessment District was formed on June 15, 2023 to levy a special benefit assessment to fund (i) the Services, consisting of annual operations and maintenance services necessary to maintain the Zone 9 Levees, establish a reserve fund to support routine repairs, rehabilitation, and replacement of the infrastructure, and operation and maintenance services associated with the LSJRP capital improvements, and (ii) the local cost share for capital improvements within the greater Stockton area as defined in the LSJRP and other system improvements to ensure long-term compliance and accreditation of the Federal Emergency Management Agency accredited levees. See "THE PROJECT."

Property subject to the Assessments is comprised of all of the parcels within the Assessment District (currently totaling 94,172 parcels), some of which are governmental owned. Each parcel in the Assessment District is security for the respective Assessment levied on it. Non-payment of Assessments is subject to the same remedies allowed to be taken by the County for nonpayment of ad valorem property taxes and could result in proceedings to foreclose title to the delinquent property; however the Agency has no obligation under the Fiscal Agent Agreement and otherwise no power to institute such proceedings and such proceedings would be conducted by the County to foreclose on the delinquent property.

The Assessment levied on each parcel is the responsibility only of the individual parcel on which it is levied. In the event of delinquency in the payment of any Assessment, the foreclosure remedy for payment may only be pursued against the delinquent parcel. The Assessments do not constitute the personal indebtedness of the owners of assessed parcels and proceedings to collect directly from an owner are not permitted.

The Assessments levied on parcels not owned by governmental agencies are expected to be collected under the County's "Teeter Plan," according to which the Agency will receive 100% of the annual Assessment levies; however the County may terminate the Teeter Plan or discontinue the Assessment District's inclusion in it at any time. See "SECURITY FOR THE 2023 BONDS—Tax Loss Reserve Fund – Teeter Plan."

Professionals Involved in the Offering

The proceedings in connection with the issuance of the 2023 Bonds are subject to the approval as to their legality of Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Quint & Thimmig LLP is also serving as Disclosure Counsel to the Agency with respect to the 2023 Bonds. Del Rio Advisors, LLC, Modesto, California, is serving as Municipal Advisor to the Agency. Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter. U.S. Bank Trust Company, National Association, San Francisco, California, will serve as the Fiscal Agent.

The legal proceedings for the formation of the Assessment District were taken under the direction of Quint & Thimmig LLP, Bond Counsel, and Downey Brand LLP, Sacramento, California, which firm serves as General Counsel to the Agency. The Assessment Engineer for the formation and administration of the Assessment District is Larsen Wurzel & Associates, Inc., Sacramento, California, which firm is also serving as the initial Dissemination Agent for the Continuing Disclosure Agreement.

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change without notice. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Agency.

Copies of the Fiscal Agent Agreement and certain other documents referenced in this Official Statement are available for delivery from the Accounting and Finance Administrator, San Joaquin Area Flood Control Agency, 22 East Weber Avenue, Suite 301, Stockton, California 95202. The Agency may charge for costs of copying, mailing and handling related to any such request.

THE FINANCING PLAN

Improvement Financing. A portion of the proceeds of the 2023A Bonds will be used to make a deposit to an Improvement Fund established by the Fiscal Agent Agreement and held by the Fiscal Agent. See "SOURCES AND USES OF FUNDS." Amounts in the Improvement Fund may be withdrawn from time to time to pay costs of the Project, consisting of a portion of the local share of Project costs. Amounts in the Improvement Fund are not pledged as security for the 2023 Bonds. The Project is not in any way pledged as security for the 2023 Bonds. See "THE PROJECT" for a description of the Project and the various funding sources, in addition to amounts in the Improvement Fund, that are expected to be used to pay the costs of the Project.

Tender Program. The 2020 Bonds were issued on May 20, 2020 in the initial principal amount of $23,433,000, $21,705,000 of which are currently outstanding. On June 16, 2023, the Agency, with the assistance of the Dealer Manager, released the Invitation to Tender inviting owners of the 2020 Bonds to tender their 2020 Bonds for purchase by the Agency and cancellation. The Agency's offer to purchase 2020 Bonds expired on July 10, 2023. On July __, 2023, the Agency accepted $_____of the outstanding 2020 Bonds for purchase. The purchase of the tendered 2020 Bonds will be paid for with proceeds of the 2023A Bonds on the date of issuance of the 2023 Bonds. See "SOURCES AND USES OF FUNDS."

Advance Refunding. The proceeds of the 2023B Bonds, together with certain funds held under the fiscal agent agreement pursuant to which the 2020 Bonds were issued, will be deposited in an escrow fund (the "**Escrow Fund**") held by U.S. Bank Trust Company, National Association, as escrow bank (the "**Escrow Bank**") pursuant to an Escrow Deposit and Trust Agreement (the "**Escrow Agreement**"), dated as of July 1, 2023, between the Agency and the Escrow Bank. Amounts in the Escrow Fund will be invested in certain federal securities and used to pay the scheduled debt service on the outstanding 2020 Bonds not purchased by the Agency with proceeds of the 2023A Bonds to their first optional redemption date of October 1, 2030 and on that date will pay the redemption price of the remaining 2020 Bonds not tendered for purchase at a redemption price equal to the principal amount of the 2020 Bonds to be redeemed, plus accrued interest to the October 1, 2030 redemption date.

Upon the deposit of funds with the Escrow Bank in the Escrow Fund in accordance with the Escrow Agreement, the 2020 Bonds not tendered for purchase by the Agency will be legally defeased and will no longer be entitled to the benefits of, or be secured by, the fiscal agent agreement pursuant to which they are issued. Amounts deposited in the Escrow Fund are not in any way pledged to the payment of, or available to pay, the debt service on the 2023 Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds relating to the 2023 Bonds are as follows:

	2023A Bonds	2023B Bonds	Totals
Sources of Funds			
Par Amount of Bonds			
Plus (Minus): Net Original Issue Premium (Discount)			
Plus other Available Funds[1]			
Less: Underwriter's Discount			
Total Sources:			
Uses of Funds			
Improvement Fund[2]			
Escrow Fund[3]			
Payments to 2020 Bondowners[4]			
Costs of Issuance[5]			
Total Uses:			

(1) Includes amounts held with respect to the 2020 Bonds.
(2) To be used to pay Project costs. See "THE PROJECT."
(3) To be used to defease the 2020 Bonds not tendered for purchase. See "THE FINANCING PLAN – Advance Refunding."
(4) To be used to pay the purchase price of 2020 Bonds tendered for purchase. See "THE FINANCING PLAN – Tender Program."
(5) Includes fees of Bond Counsel and Disclosure Counsel, Municipal Advisor fees, expenses and charges of the Fiscal Agent, rating agency fee, premiums for the Insurance Policy and the Reserve Policy, and other costs of issuance of the 2023 Bonds.

THE 2023 BONDS

Authority for Issuance

The 2023 Bonds are authorized to be issued pursuant to the Act, a Resolution adopted on June 15, 2023 by the Board of Directors of the Agency, and the Fiscal Agent Agreement. The Assessments to be used to pay debt service on the 2023 Bonds will be levied on the property in the Assessment District in accordance with the 1982 Act.

General Provisions

The 2023 Bonds will be issued only as fully registered bonds, in the denomination of $5,000 or any integral multiple thereof, and will bear interest at the rates per annum and will mature on the dates and in the respective principal amounts set forth on the inside cover page of this Official Statement. The 2023 Bonds will be dated the date of their issuance and interest on the 2023 Bonds will be payable on each April 1 and October 1, commencing April 1, 2024 (each, an "**Interest Payment Date**").

Each 2023 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (b) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (c) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the date of issuance of the 2023 Bonds; provided, however, that if, as of the time of authentication of any 2023 Bonds, interest thereon is in

default, such 2023 Bonds will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The term "**Record Date**" is defined in the Fiscal Agent Agreement as the fifteenth (15th) day of the calendar month next preceding the month in which the applicable Interest Payment Date occurs.

The 2023 Bonds will be payable both as to principal and interest, and as to any applicable premium upon the redemption thereof, in lawful money of the United States of America. The principal of the 2023 Bonds and any premium due upon the redemption thereof will be payable upon surrender of the applicable 2023 Bonds at the Principal Office of the Fiscal Agent. Interest on the 2023 Bonds will be computed using a year of 360 days comprised of twelve 30-day months.

The 2023 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the 2023 Bonds. Individual purchases of the 2023 Bonds will be made in book-entry form only. Purchasers of the 2023 Bonds will not receive physical certificates representing their ownership interests in the 2023 Bonds purchased. Principal and interest payments represented by the 2023 Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2023 Bonds. See Appendix E—DTC and the Book-Entry Only System. **So long as the 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the owners shall mean Cede & Co., and shall not mean the purchasers or Beneficial Owners of the 2023 Bonds.**

Redemption

Optional Redemption. The 2023A Bonds maturing on or after October 1, ____ are subject to optional redemption prior to their stated maturities, on any date on or after October 1, ____, in whole or in part, at a redemption price equal to the principal amount of the 2023 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

The 2023B Bonds maturing on or after October 1, ____ are subject to optional redemption prior to their stated maturities, on any date on or after October 1, ____, in whole or in part, at a redemption price equal to the principal amount of the 2023 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Payment Redemption. The 2023A Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part by lot on October 1, ____, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The 2023A Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part by lot on October 1, ____, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together

with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The 2023A Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part by lot on October 1, ____, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The 2023B Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part by lot on October 1, ____, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The 2023B Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part by lot on October 1, ____, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The 2023B Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part by lot on October 1, ____, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The amounts in the foregoing tables shall be reduced as a result of any prior partial redemption of the 2023A Bonds maturing on October 1, ____, October 1, ____ or October 1, ____ and the 2023B Bonds maturing on October 1, ____, October 1, ____ or October 1, ____ (collectively, the "**Term Bonds**") pursuant to the optional redemption provisions of the Fiscal Agent Agreement, to be allocated among sinking fund payments for the Term Bonds as specified by the Treasurer to the Fiscal Agent.

Purchase of 2023 Bonds In Lieu of Redemption. In lieu of redemption as described above, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2023 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2023 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2023 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

Selection of 2023 Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the optional redemption of less than all of the 2023 Bonds, the Fiscal Agent shall select the 2023 Bonds to be redeemed, from all 2023 Bonds or such given portion thereof not previously called for redemption, among maturities so as to maintain substantially level debt service on the 2023 Bonds, and by lot within a maturity.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories, to one or more Information Services, and to the respective registered Owners of any 2023 Bonds designated for redemption, at their addresses appearing on the bond registration books in the Principal Office of the Fiscal Agent; but failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2023 Bonds. The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2023 Bonds are to be called for redemption, shall state as to any 2023 Bond called in part the principal amount thereof to be redeemed, and shall require that such 2023 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2023 Bonds will not accrue from and after the redemption date.

The Agency has the right to rescind any notice of the optional redemption of 2023 Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2023 Bonds then called for redemption, and such cancellation shall not constitute a default under the Fiscal Agent Agreement. The Agency and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Fiscal Agent Agreement.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2023 Bonds so called for redemption have been deposited in the Bond Fund, such 2023 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of 2023 Bonds

So long as the 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2023 Bonds shall be made in accordance with DTC procedures. See Appendix E—DTC and the Book-Entry Only System. If the book-entry only system for the 2023 Bonds is ever discontinued, any 2023 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2023 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. 2023 Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of 2023 Bonds of authorized denominations and of the same series and maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange shall be paid by the Agency; however, the Fiscal Agent will collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any 2023 Bond or 2023 Bonds are surrendered for transfer or exchange, the Agency will execute and the Fiscal Agent will authenticate and deliver a new 2023 Bond or 2023 Bonds, for a like aggregate principal amount of 2023 Bonds of authorized denominations and of the same series and maturity.

No transfers or exchanges of 2023 Bonds will be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of 2023 Bonds for redemption or (ii) with respect to a 2023 Bond after such 2023 Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

DTC may determine to discontinue providing its services with respect to the 2023 Bonds at any time by giving written notice to the Fiscal Agent during any time that the 2023 Bonds are Outstanding, and discharging its responsibilities with respect to the 2023 Bonds under applicable law. The Agency may terminate the services of DTC with respect to the 2023 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2023 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners. The Agency will mail any such notice of termination to the Fiscal Agent.

Upon the termination of the services of DTC as described in the previous paragraph, and if no substitute Depository willing to undertake the functions can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the Agency determines that it is in the best interest of the Beneficial Owners of the 2023 Bonds that they obtain certificated 2023 Bonds, the 2023 Bonds will no longer be restricted to being registered in the Registration Books of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or name the Owners designate at that time, in accordance with the Fiscal Agent Agreement.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, the 2023 Bonds will be delivered to such Beneficial Owners in accordance with the Fiscal Agent Agreement.

DEBT SERVICE SCHEDULE

The scheduled annual debt service on the 2023 Bonds based on the interest rates and maturity schedule set forth on the inside cover of this Official Statement, and assuming no optional redemption of the 2023 Bonds prior to their respective maturities, is set forth below.

Period Ending (October 1)	2023A Bonds		2023B Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
Totals					

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2023 Bonds, _____ ("_____" or the "**Municipal Bonds Insurer**") will issue its Municipal Bond Insurance Policy for the 2023 Bonds (the "**Insurance Policy**"). The Insurance Policy guarantees the scheduled payment of principal of and interest on the 2023 Bonds when due as set forth in the form of the Insurance Policy included as Appendix F to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

The Municipal Bond Insurer

[to come]

SECURITY FOR THE 2023 BONDS

General

As described below, the 2023 Bonds are payable primarily from the Assessments collected. The Assessments are first being levied for the 2023-24 fiscal year.

Bond Financing For the Project. California Government Code Section 54710.5 in the 1982 Act authorized agencies that are authorized to provide flood control services, which include the members of the Agency, to levy assessments to finance the cost of installation and improvements of facilities. The Agency is eligible to exercise these assessment powers and has authorized the Assessments under the 1982 Act. See "SECURITY FOR THE 2023 BONDS—Collection of Assessments."

The Assessments are levied annually based on an annual budget for expenditures, which includes the debt service on the 2023 Bonds, the Agency's local share of the costs of Project not paid from other sources, administrative costs of the Assessment District and costs of the Services. The Agency is authorized under Government Code Section 6588 to issue revenue bonds to the public secured by the Assessments. Pursuant to that authority, the Agency is issuing the 2023 Bonds, and may issue or incur Parity Obligations secured by the Assessments. See "SECURITY FOR THE 2023 BONDS – Parity Obligations."

The amount of the Assessments to be levied each year is calculated pursuant to a formula set forth in a Final Engineer's Report dated June 15, 2023 (the "**Final Engineer's Report**") prepared by Scott Brown, a registered professional engineer certified by the State and a partner at the firm of Larsen Wurzel & Associates, Inc. The Assessments are levied in annual installments and do not represent a fixed amount of principal. Prepayment of the Assessments is not permitted. The security for the 2023 Bonds includes Assessments levied on both privately owned property and public property, however Assessments levied on privately owned property are expected to exceed annual debt service on the 2023 Bonds. See "SECURITY FOR THE 2023 BONDS—Assessment Methodology" below.

Pledge of Assessments. The 2023 Bonds are secured by a first pledge of all of the Assessment Revenues and amounts on deposit in the Bond Fund, on a parity with the pledge which secures any future Parity Obligations. In addition, the 2023 Bonds (but not any Parity Obligations) are secured by a pledge of all of the moneys in the Reserve Fund, including all amounts derived from the investment of such moneys. The 2023 Bonds and any future Parity Obligations are equally secured by a pledge, charge and lien upon the Assessment Revenues and amounts on deposit in the Bond Fund without priority for series, issue, number or date. So long as any of the 2023 Bonds are Outstanding, the Assessment Revenues and such moneys may not be used for any other purpose; except that out of the Assessment Revenues there may be apportioned such sums for such purposes as are expressly permitted by the Fiscal Agent Agreement.

In the Fiscal Agent Agreement, **"Assessment Revenues"** is defined as all Assessments received by or on behalf of the Agency from properties in the Assessment District under the provisions of the 1982 Act. The term "Assessment Revenues" does not include amounts retained by the County representing an administrative fee charged for collecting the Assessments, the costs incurred by the Agency for the administration of the Assessment District, or the portion of the Assessment levied to pay costs of the Services.

The Assessment Revenues and other amounts are pledged to the payment of 2023 Bonds without priority or distinction of one over the other, and the Assessment Revenues and other

amounts constitute a trust fund for the security and payment of the interest on and principal of the 2023 Bonds; but, nevertheless, out of Assessment Revenues and other amounts, certain amounts may be applied for other purposes as provided in the Fiscal Agent Agreement. The pledge of the Assessment Revenues and other amounts made in the Fiscal Agent Agreement is irrevocable until all of the 2023 Bonds are no longer outstanding under the Fiscal Agent Agreement.

In the Fiscal Agent Agreement, the Agency covenants that it will not create any pledge, lien or charge upon any of the Assessments or other amounts pledged thereunder having priority over or having parity with the lien of the 2023 Bonds while any of the 2023 Bonds are Outstanding, except only as permitted in the Fiscal Agent Agreement with respect to the issuance or incurrence of Parity Obligations. See "SECURITY FOR THE 2023 BONDS—Parity Obligations" below.

Liability of Agency Limited to Assessments. Notwithstanding anything set forth in the Fiscal Agent Agreement or in the 2023 Bonds, the Agency is not required to advance any moneys derived from any source other than the Assessments and other assets pledged under the Fiscal Agent Agreement for any of the purposes mentioned in the Fiscal Agent Agreement, whether for the payment of the principal or redemption price of or interest on the 2023 Bonds or for any other purpose of the Fiscal Agent Agreement.

Collection of Assessments

The Agency covenants in the Fiscal Agent Agreement that, so long as any of the 2023 Bonds are Outstanding, and subject to the maximum amounts that it is authorized to levy, it will take all actions as may be required to levy and collect, or cause the appropriate officials of the County to levy and collect, all Assessments which the Agency is authorized to levy on properties in the Assessment District. The Fiscal Agent Agreement provides that, to the maximum extent permitted by law, the Agency shall cause to be levied and collected in each Bond Year an amount of Assessment Revenues which is at least equal to 110% of the amount of principal of and interest on the 2023 Bonds and any outstanding Parity Obligations coming due in such Bond Year. See "RISK FACTORS RELATING TO THE 2023 BONDS—Levy and Collection of the Assessments" and "—Covenant to Levy Assessments Not a Guarantee."

In comparing the aggregate value of the real property within the Assessment District, it should be noted that only the real property upon which there is a delinquent Assessment is subject to foreclosure for collection of the delinquent Assessment, and the real property within the Assessment District cannot be sold as a whole to pay delinquent Assessments of the owners of delinquent parcels within the Assessment District. In any event, individual parcels may be foreclosed upon to pay delinquent installments of the Assessments levied against such parcels. The principal amount of the 2023 Bonds will not be allocated pro-rata among the assessed parcels; rather, the total annual Assessment amount is allocated among the parcels within the Assessment District according to the Final Engineer's Report.

Flow of Funds

The Assessments will be collected in the same manner as ordinary *ad valorem* property taxes are collected and are subject to the same penalties and the same procedure, sale by the County, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Accordingly, the majority of Assessments will be collected by the County on behalf of the Agency as a part of annual ad valorem property tax bills. For a small number of properties, the Agency will bill Assessments directly to the property owner. Direct billed assessees include properties owned by governmental entities including those owned by school districts, and

properties owned by entities that do not receive regular property tax bills from the County, and such direct billed Assessments are not subject to the Teeter Plan discussed under the subheading "Tax Loss Reserve Fund – Teeter Plan" below. Collected Assessment moneys received from the County will be held by the Agency in its Operating Fund and are subject to the pledge for payment of the 2023 Bonds as set forth in the Fiscal Agent Agreement.

The Agency has previously established the Operating Fund, which the Agency agrees to continue to hold and maintain for the purposes and uses set forth in the Fiscal Agent Agreement. The Fiscal Agent Agreement provides that the Agency shall deposit all Assessment Revenues in the Operating Fund promptly upon the receipt thereof. The Agency is required to manage, conserve and apply moneys in the Operating Fund in such a manner that all payments of principal of and interest on the 2023 Bonds and any outstanding future Parity Obligations will be made in full when due.

During each Bond Year, in addition to withdrawals required to pay Parity Obligations and to replenish any reserve fund for any Parity Obligations in accordance with the documents pursuant to which the Parity Obligations were issued or incurred, the Agency will withdraw amounts on deposit in the Operating Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

(a) Bond Fund. The Agency shall withdraw from the Operating Fund and pay to the Fiscal Agent for deposit into the Bond Fund an amount which, together with other available amounts then on deposit in the Bond Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the 2023 Bonds during such Bond Year, including the principal amount of 2023 Bonds that are subject to optional redemption during such Bond Year, and the principal amount of 2023 Bonds (if any) which are subject to mandatory sinking fund redemption during such Bond Year. The Agency will make all payments described in this subsection (a) to the Fiscal Agent not later than the second Business Day preceding the date on which such payments are due to the Bond Owners.

The Fiscal Agent will apply amounts in the Bond Fund solely for the purpose of (i) paying the interest on the Outstanding 2023 Bonds when due and payable (including accrued interest on any 2023 Bonds purchased or redeemed under the Fiscal Agent Agreement), and (ii) paying the principal of the 2023 Bonds at the maturity thereof or upon the mandatory sinking fund redemption of the Term Bonds.

(b) Reserve Policy; Reserve Fund. The Agency will transfer to the Fiscal Agent an amount of available Assessment Revenues sufficient (i) to pay any Policy Costs, and (ii) for the Fiscal Agent to deposit in the Reserve Fund the amount, if any, needed to restore the balance then on deposit in or credited to the Reserve Fund to the then Reserve Requirement (taking into account the Reserve Policy). No deposit need be made in the Reserve Fund so long as the balance therein, together with the then amount of the Reserve Policy, at least equals the Reserve Requirement.

If the amount on deposit in the Bond Fund on any Interest Payment Date is insufficient to pay the principal of and interest on the 2023 Bonds then coming due, the Fiscal Agent shall withdraw the amount of such insufficiency from the Reserve Fund and transfer it to the Bond Fund. On the date on which all 2023 Bonds are retired, any moneys then on deposit in the Reserve Fund will be withdrawn by the Fiscal Agent and transferred to the Bond Fund to be applied to pay debt service on the 2023 Bonds.

(c) Surplus. If the amount of Assessment Revenues received by the Agency in any Bond Year exceeds the aggregate amounts required to be paid above from the Operating Fund during such Bond Year and the provisions of the documents pursuant to which any Parity Obligations have been issued or incurred, such excess may be applied for any lawful purposes of the Agency related to the Assessment District, including but not limited to making transfers to a capital fund for the purpose of paying capital costs of the Project.

Tax Loss Reserve Fund – Teeter Plan

Some California counties and the other political subdivisions within their boundaries operate under the provisions of Sections 4701 through 4717, inclusive, of the Revenue and Taxation Code of the State of California, commonly referred to as the "**Teeter Plan**," with respect to property tax collection and disbursement procedures. These sections provide an alternative method of apportioning secured taxes whereby agencies levying taxes or assessments through county tax billings may receive from the county 100% of their taxes or assessments at the time they are levied. The county treasury's cash position (from taxes) is insured by a special tax loss reserve fund accumulated from delinquent penalties.

The Assessments levied on parcels not owned by governmental agencies are expected to be collected under the County's Teeter Plan. So long as the County maintains its policy of collecting taxes and assessments pursuant to said procedures and the Agency meets the Teeter Plan requirements, the Agency will receive 100% of the annual Assessments levied on the County's secured property tax rolls without regard to actual collections. There is no assurance, however, that the County Board of Supervisors will maintain its policy of apportioning assessments pursuant to the aforementioned procedures. The Board of Supervisors of the County may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in the County under certain circumstances.

Reserve Fund

The Agency will establish a reserve fund (the **"Reserve Fund"**) to be held by the Fiscal Agent for payment of debt service on the 2023 Bonds and deposit therein a reserve insurance policy (the **Reserve Policy**") issued by the Municipal Bond Insurer in an amount equal to the "**Reserve Requirement**" which is, as of any date of calculation, an amount equal to the least of (a) the then Maximum Annual Debt Service on the 2023 Bonds (which shall not include any amounts due on any Parity Obligations), (b) one hundred twenty-five percent (125%) of the then average Annual Debt Service on the 2023 Bonds, or (c) ten percent (10%) of the initial principal amount of the 2023 Bonds. The Reserve Requirement as of the Closing Date will be $_____. An amount equal to the Reserve Requirement will be maintained in the Reserve Fund at all times in the form of cash or the Reserve Policy, and any Policy Costs will be paid or deficiency therein will be replenished from available Assessment Revenues as provided in the Fiscal Agent Agreement.

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund as necessary to pay the principal of and interest on the 2023 Bonds on any Interest Payment Date in the event of any deficiency at any time in the Bond Fund of the amount then required for such purpose or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming 2023 Bonds from the Bond Fund.

The Agency will satisfy the Reserve Requirement as of the Closing Date by depositing with the Fiscal Agent the Reserve Policy issued by the Municipal Bond Insurer. The Reserve

Policy may only be drawn upon to make scheduled payments of principal, including sinking fund payments, and interest on the 2023 Bonds (and not on any Parity Obligations) in the event that there are not sufficient funds on deposit in the Bond Fund to make the required payments. The Agency has no obligation to replace the Reserve Policy or to fund the Reserve Requirement with cash if, at any time the 2023 Bonds are outstanding, amounts are unavailable under the Reserve Policy. See APPENDIX A—Summary of Certain Provisions of the Fiscal Agent Agreement for additional information regarding the Reserve Fund.

Parity Obligations

The Fiscal Agent Agreement authorizes the Agency to issue or incur one or more series of "Parity Obligations" secured and payable from Assessment Revenues on a parity under the Fiscal Agent Agreement with the 2023 Bonds. Subject to meeting the conditions summarized below, Parity Obligations may be issued or incurred that will be secured by a lien on the Assessment Revenues and funds pledged for the payment of the 2023 Bonds under the Fiscal Agreement (other than amounts in the Reserve Fund and proceeds of draws on the Reserve Policy that are pledged solely to the payment of the 2023 Bonds) on a parity with all other Parity Obligations. "Parity Obligations" is defined in the Fiscal Agent Agreement as bonds, leases, installment sales agreements, loan agreements, notes or other obligations of the Agency that satisfy the requirements described below.

The Agency may issue or incur the Parity Obligations subject to the following specific conditions precedent:

(a) Current Compliance. The Agency shall be in compliance in all material respects on the date of issuance or incurrence of the Parity Obligations with all covenants set forth in the Fiscal Agent Agreement and in all documents providing for the issuance or incurrence of any outstanding Parity Obligations.

(b) Assessment Revenues. The amount of Assessment Revenues (excluding Governmental Revenues), as shown by the books of the Agency for the most recent completed Fiscal Year for which audited financial statements of the Agency are available, plus the Additional Allowance, in each case verified by an Independent Financial Consultant, are at least equal to 110% of the amount of Annual Debt Service and the annual amount payable on any outstanding Parity Obligations and on the proposed Parity Obligations in the current and any future Bond Year.

(c) Payment Dates. Interest on the Parity Obligations shall be payable on April 1 and October 1, and principal thereof shall be payable on October 1 in any year in which principal is payable.

(d) Reserve Fund. The document providing for the issuance or incurrence of such Parity Obligations may provide for the establishment of a separate reserve fund as security for the payment of the Parity Obligations in such amount, if any, as shall be determined by the Agency at the time of issuance or incurrence of the respective Parity Obligations (it being acknowledged that the Reserve Fund has been established as security only for the payment of the 2023 Bonds).

(e) No Accelleration. The principal of the Parity Obligations shall not be subject to acceleration upon the occurrence of a default or otherwise under the document or documents providing for the issuance or incurrence of the Parity Obligations.

(f) Officer's Certificate. The Agency shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance or incurrence of such Parity Obligations set forth in paragraphs (a), (b), (c), (d) and (e) above have been satisfied. In delivering such Officer's Certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Fiscal Agent and others selected with due care, without the need for independent inquiry or certification.

For purposes of the foregoing paragraph (b), (i) the term "Additional Allowance" means, as of the date of calculation, the sum of: (a) the estimated increase in the Assessment Revenues (excluding Governmental Revenues) to be receivable in the next Fiscal Year as a result of the allowable escalation factor for the Assessments as set forth in the final Engineer's Report for the Assessment District; and (b) the estimated increase in the Assessment Revenues (excluding Governmental Revenues) for future Fiscal Years, beyond the next Fiscal Year, equal to the average of the actual escalation factor for the most recent three preceding Fiscal Years, but not greater than two percent (2%) for any such Fiscal Year; and (ii) the term "Refunding Debt" means Parity Obligations issued by the Agency payable from the Assessment Revenues, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds or other Parity Obligations; provided that (i) the total interest cost to maturity on the Refunding Debt plus the principal amount of the Refunding Debt is less than the total interest cost to maturity on the Bonds or other Parity Obligations to be refunded plus the principal amount of the Bonds or other Parity Obligations to be refunded and (ii) the final maturity of the Refunding Debt is not later than the final maturity of the Bonds or other Parity Obligations being refunded.

Refunding Debt. The Agency may issue Refunding Debt as Parity Obligations without the need to satisfy the requirements of paragraph (b) above, and, in connection therewith, the Officer's Certificate referred to in paragraph (f) above need not make reference to said paragraph (b). The term "Refunding Debt" is defined in the Fiscal Agent Agreement as Parity Obligations issued by the Agency payable from Assessment Revenues, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds or other Parity Obligations; provided that (i) the total interest cost to maturity on the Refunding Debt plus the principal amount of the Refunding Debt is less than the total interest cost to maturity on the Bonds or other Parity Obligations to be refunded plus the principal amount of the Bonds or other Parity Obligations to be refunded, and (ii) the final maturity of the Refunding Debt is not later than the final maturity of the Bonds or other Parity Obligations being refunded.

Superior and Subordinate Obligations. The Agency may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Assessment Revenues over the 2023 Bonds and any Parity Obligations. Nothing in the Fiscal Agent Agreement limits or affects the ability of the Agency to issue or incur obligations which are either unsecured or which are secured by an interest in the Assessment Revenues which is junior and subordinate to the pledge of and lien upon the Assessment Revenues under the Fiscal Agent Agreement.

Assessment Methodology

Under various California laws, a governmental agency may fund public services or improvements by levying an assessment on the properties that would receive a special benefit from the services or improvements. A special benefit is a particular and distinct benefit over and above the general benefits conferred on real property located in the district or to the public at large. The cost of the services or improvements must be apportioned among the properties being assessed based on the proportionate special benefit these properties will receive. Moreover, the governmental agency must demonstrate through a balloting process, weighted to reflect these special benefits, that the ballots submitted in opposition to the assessment do not

exceed the ballots submitted in favor of the assessment, weighted according to the proportional financial obligation of the affected property.

In connection with the proposal to levy the Assessments, the Agency caused to be prepared the Final Engineer's Report. All properties within the Assessment District were determined by the Assessment Engineer to receive a special flood protection benefit in the form of a substantial reduction in expected flood damages upon completion of the Project and from the provision of the Services. The Final Engineer's Report analyzes the benefit to be received by the property in the Assessment District and assigns, through establishment and application of a formula, the allocable share of the total Assessments which is assignable to each property.

The Assessment Engineer acknowledged that the Agency's goal in establishing the Assessment District was to provide;

1) O&M services to ensure that the design level of flood protection is maintained over time for Zone 9 Levees maintained by SJCFCWCD, LSJRP levees, and other levees improved in the future by the Agency (the "**Services**"), and

2) All work associated with the planning, design, implementation and construction of the LSJRP and other future capital improvements completed within the benefit area that ensure continued FEMA accreditation of the levees providing 100-year protection into the future (the "**Project**").

The Services and the Project, including the construction of the LSJRP in north and central Stockton, were determined to be a feasible solution to achieve that flood protection goal.

The annual Assessment amounts are apportioned among the parcels in the Assessment District based on the proportionate benefits each would receive from the Project and the continued provision of the Services. The Final Engineer's Report determined that special benefit conferred to the property in the Assessment District is the combined benefit of flood damage avoidance and/or reduction to structures and their contents, and land. The benefit calculation can be summarized as follows: Benefits=Damages Avoided; Damages Avoided=Structure and Content Damage + Land Damage. The damage avoided to structures and their contents was derived by determining the amount of flood depth reduction experienced by each particular parcel in the benefit area as a result of the Project and the Services provided.

In determining the benefits for each parcel, the assessment engineer utilized the following property characteristics: size of each parcel, land use type, average structure size per acre for each land use type, the avoided depth of flooding from each breach scenario affecting the parcel, the avoided depth of flood as a result of Project, the relative land damage rate per acre, the relative structure damage rate per square foot, whether the parcel is located within the prior Smith Canal Area Assessment District, and length of levee represented by each breach scenarios for levee Services for Zone 9 Levees.

To ensure that the Agency can provide the needed services over time, it is important to allow for an increase of the Assessments over time to address the rising costs of labor, supplies, and materials. The Assessment Engineer has determined that an appropriate escalation factor is a factor that is reflective of rising labor costs and goods over time. Therefore, beginning in Fiscal Year 2024-25, the maximum authorized Assessment may be increased subject to an annual inflationary escalator pursuant to Government Code § 53739 (b), based on the annual change in the Consumer Price Index February to February CPI-W for San Francisco-Oakland-Hayward all Items, with Base Period 1982-84 = 100, published by the U.S. Department of Labor, Bureau of Labor Statistics, subject to a minimum of zero percent and a maximum of 4% in any given year.

The adjustment to the maximum authorized Assessment would be applied to the prior year's annual Assessment rate.

The minimum annual Assessment for each parcel in the Assessment District is $2.00 to reflect the Agency's direct cost to administer the Assessment roll. All annual Assessments calculated to be less than $2.00 are annually raised to the $2.00 minimum. In Fiscal Year 2023-24, the average Assessment for a single-family home is expected to be $82 per year. Approximately 80% of the parcels in the Assessment District are single-family homes responsible for approximately 67% of the Fiscal Year 2023-24 Assessment levy. Approximately 78% of all single-family parcels have an Assessment less than or equal to $100 in Fiscal Year 2023-24. The remaining parcels in the Assessment District consist primarily of multi-family residential housing, commercial, industrial, agricultural, or public use. See "THE ASSESSMENT DISTRICT—Assessed Property – Land Uses in the Assessment District."

The component of the Assessment used to finance improvements will be collected for 30 years from the date of last issuance of any Bonds. The administrative and operations and maintenance component of the Assessment will be collected in perpetuity so long as the Services are provided. The annual Assessments may be periodically adjusted within the authorized range of Assessments based on annual budgeting needs as determined by the Board of Directors of the Agency.

The Assessment roll will be updated annually to reflect changes in the parcel characteristics that affect the calculation of Assessments. The same Assessment formula is applied to the changed parcel as to existing parcels. In this way, future land use changes can be accommodated in an equitable manner relative to existing development. The maximum amount of the Assessments that may be levied in future fiscal years in accordance with the methodology approved pursuant to the Assessment proceedings may increase or decrease each year depending on changes in land use category and development within the Assessment District. See "RISK FACTORS RELATING TO THE 2023 BONDS—Reduction of Assessments" herein.

Priority of Lien

Each installment of the Assessments, and any interest and penalties thereon, constitutes a lien on the parcel of land on which it was imposed until the same is paid. Such lien is co-equal to and independent of the lien for general taxes, any other special assessment liens and community facilities district special taxes. See "THE DISTRICT— Overlapping Liens" herein.

Collection of Delinquent Assessments

The value of the land within the Assessment District is a critical factor in determining the investment quality of the 2023 Bonds. If a property owner defaults in the payment of an Assessment, there is no accelerated foreclosure remedy; the Agency's only remedy is to recover unpaid Assessments through the County's procedure for collection of regular property taxes. See "SECURITY FOR THE 2023 BONDS—Collection of Assessments" and "RISK FACTORS RELATING TO THE 2023 BONDS—Bankruptcy and Foreclosure Delays." The collection of Assessments levied will initially be included under County's Teeter Plan, however no assurance can be given that the Teeter Plan will remain in effect with respect to the Assessments during the entire term that the 2023 Bonds are outstanding. See "SECURITY FOR THE 2023 BONDS—Tax Loss Reserve Fund - Teeter Plan.

The Agency generally may not foreclose on properties owned by governmental entities in order to collect delinquent Assessments. Currently, approximately 96.38% of the total

amount of Assessments are payable by non-governmental entities. The Agency has agreed to allocate Assessments levied on parcels owned by governmental agencies to the administration of the Assessment District and the costs of the operation and maintenance of the Project. Judicial enforcement of delinquent assessments owed by governmental agencies has not been tested in the courts. No assurance can be given that effective and timely collection of any delinquent Assessments against governmental agencies can be achieved, particularly against the Federal Government.

THE PROJECT

Background. The San Joaquin County Flood Control and Water Conservation District (the "**SJCFCWCD**") was formed in 1956 to plan, construct, operate, and maintain flood control, water supply, drainage, and groundwater recharge projects. On December 19, 1961, the San Joaquin County Board of Supervisors created Flood Control Zone No. 9 ("**Zone 9**") to provide maintenance of existing channels, levees, and associated structures. SJCFCWCD Zone 9 currently maintains 119 miles of Project Channels and 112 miles of Project Levees[1] in accordance with agreements with the U.S. Army Corps of Engineers (the "**USACE**") and the California Department of Water Resources (the "**DWR**"). Zone 9 also contains approximately 152 miles of non-project channels and 3 miles of Non-Project Levees maintained by SJCFCWCD as resources allow. Zone 9 is currently funded by a combination of property assessments and a small allocation of property taxes. The current property assessments include the Zone 9 Flood Control Benefit Assessment established in 1988 and an assessment levied by the Agency established in 1996. See "THE AGENCY."

In February 1995 the Federal Emergency Management Agency ("**FEMA**") issued preliminary Flood Insurance Rate Maps ("**FIRMs**") that placed a majority of the greater Stockton metropolitan area within a Special Flood Hazard Area ("**SFHA**"). To prevent the SFHA designation from becoming effective, the JPA parties recognized that a coordinated regional effort was needed. The Agency was formed to plan, design, and construct a suite of projects that became known collectively as the Flood Protection Restoration Project (the "**FPRP**"). The FPRP consists of flood wall and levee improvements along 40 miles of existing levees, 12 miles of new levees, modifications to 24 bridges, and the construction of two major detention basins and pump stations. To fund construction and provide for the long-term operation and maintenance ("**O&M**") of the FPRP, the Agency formed an Assessment District No. 96-1 ("**AD 96-1**") in 1996. The completed FPRP is operated and maintained by SJCFCWCD on behalf of the Agency using funds generated by AD 96-1.

After significant flood damage from hurricanes Katrina and Sandy, as well as other major storms, State and Federal policies were adjusted effectively creating more stringent levee maintenance requirements. The new requirements have increased necessary levee maintenance efforts resulting in increased O&M costs. The current funding sources have not been sufficient to provide for the increased maintenance efforts causing both the Agency and Zone 9 to rely on reserve funds to maintain project levees. In addition, support from the Agency is needed by SJCFCWCD to ensure that obligations associated with the FPRP are complied with and flood protection levels are maintained consistent with the increasingly stringent regulatory requirements.

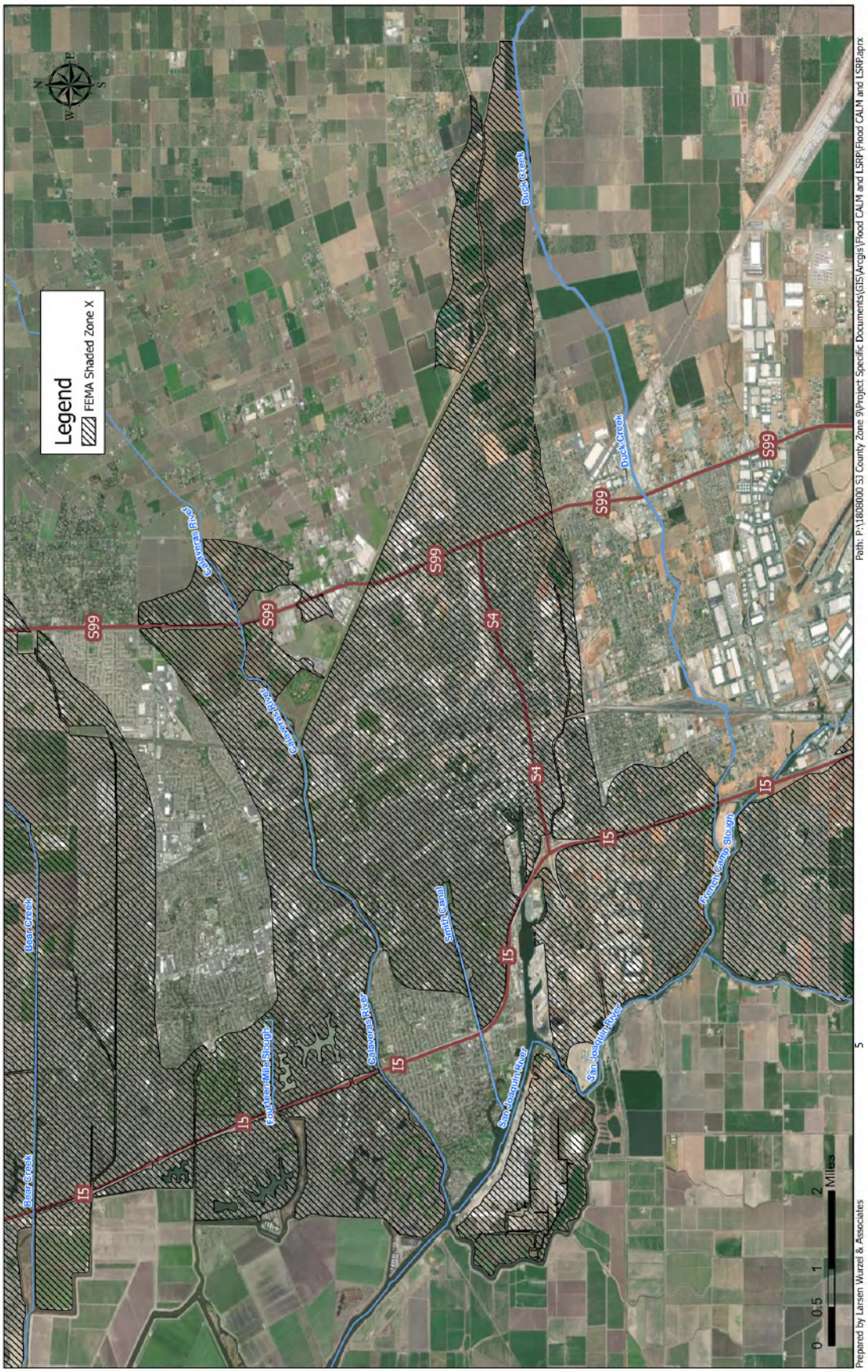
1 Project levees are those facilities that are part of the State Plan of Flood Control as defined by the 2010 State Plan of Flood Control Descriptive Document, Central Valley Flood Management Planning Program, November 2010.

Additionally, in response to the aforementioned policy changes, in 2009, the Agency partnered with the Central Valley Flood Protection Board (the "**CVFPB**") and the USACE to study and evaluate ways to improve the region's flood risk. This resulted in the San Joaquin River Basin, Lower San Joaquin River, CA Final Integrated interim Feasibility Report/Environmental Impact Statement/Environmental Impact Report (the "**Feasibility Study**"), completed by the USACE in January 2018. The recommended plan contained within the Feasibility Study was subsequently authorized by Congress and signed into law under the Water Infrastructure Improvements for the Nation Act (Public Law 115-270) Title 1, Subtitle D, Section 1401(2), dated October 23, 2018.

The Congressionally authorized recommended plan found in the Feasibility Study, referred to as the Lower San Joaquin River Project (the "**LSJRP**") consists of 23 miles of levee improvements and two closure structures. Construction at one of those closure structures, the Smith Canal Gate, was advanced early by the Agency and is a critical component of the LSJRP.

After the Feasibility Study authorization, the USACE, CVFPB and the Agency entered into a Project Partnership Agreement (the "**PPA**") on September 30, 2020, which defines the requirements, obligations, and responsibilities of the Federal government and the Non-Federal Sponsor (the "**NFS**"), which is defined as both CVFPB and the Agency. The CVFPB and the Agency entered into a Local Project Partnership Agreement (the "**LPPA**") on September 30, 2020, that specifies the obligations of each party; this includes CVFPB's and the Agency's commitment to contribute 24.5% and 10.5%, respectively, of the total project cost.

However, the LSJRP improvements do not improve all FEMA Accredited Levees providing protection to North and Central Stockton. The figure on the next page shows the area designated by FEMA as Shaded Zone X ("**FEMA Shaded Zone X**"). The FEMA Shaded Zone X area is the area of the accredited levee system currently designated by FEMA as protected by levees from a 100-year flood. To ensure long-term accreditation and keep up with increasing regulatory requirements and engineering standards, the Agency expects the need to complete additional capital project planning, engineering, design, and implementation of projects to ensure continued FEMA Accredited of Levees.


Legend
FEMA Shaded Zone X
Bear Creek
Calaveras River
Four Mile Slough
Smith Canal
San Joaquin River
Duck Creek
French Camp Slough
I5
S99
S4
0 0.5 1 2 Miles
Prepared by Larsen Wurzel & Associates
Path: P:\18080000 SJ County Zone 9\Project Specific Documents\GIS\Arcgis\Flood CALM and LSRP\Flood CALM and LSRP.aprx

LSJRP Overview. The LSJRP is one component of the overall services to be funded by the Assessment District. These services come in the form of cost sharing with the USACE, acquisition of right-of-way for the Project or completing planning, engineering, design or implementation of aspects of the Project. The LSJRP is Federally authorized and led. The USACE, the DWR, and the Agency entered into the PPA defining the cost share obligations of USACE and DWR and the Agency. DWR and the Agency then entered into the LPPA, defining the cost sharing obligations between the NFSs. The Federal cost share is 65%, DWR cost share is 24.5%, and the Agency's cost share is 10.5%.

The Agency's cost share funding will come in the form of (a) cash contributions, (b) In-kind contributions ("**IKC**") for work at Smith Canal and any other approved credit for work performed by the Agency, and (c) lands, easements, rights-of-way, relocations, and disposal areas ("**LERRDs**") purchases.

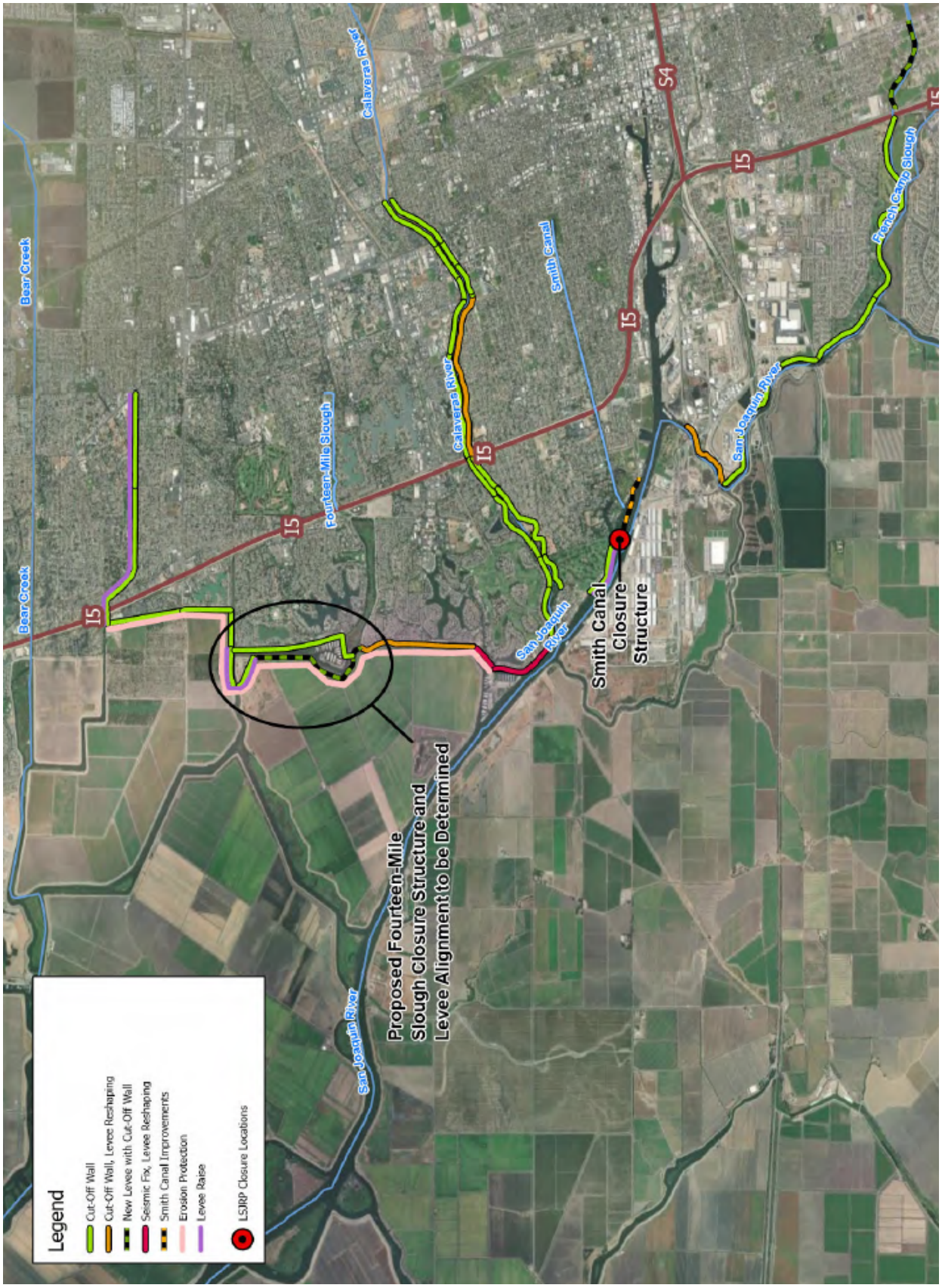
The LSJRP consists of 23 miles of levee improvements and two closure structures. Construction at one of those closure structures, the Smith Canal Gate (the "**SCG**"), was advanced early by the Agency and is a critical component of the implementation and funding approach defined in this Engineer's Report. The 23 miles of levee improvement as described in the Feasibility Study currently include:

- Delta Front:
    - 2.05 miles of fix-in-place improvements with soil-bentonite cutoff walls of various depths with 2.5 miles of geometry improvements.
    - 1.1 miles of seismic fixes along two segments of Tenmile Slough.
    - 1.33 miles of new setback levee along the Delta Front to eliminate the eastern portions of the Fourteenmile Slough levee.
    - 0.59 miles of height improvements between 1.8 and 2.7 feet on the Delta Front.
    - 5 miles of erosion protection.
    - Control structure on Fourteenmile Slough.
- North Stockton:
    - 9.4 miles of fix-in-place improvements with soil-bentonite cutoff walls of various depths.
    - 2.03 miles of height improvements between 1.4 and 1.6 feet in North Stockton.
- Central Stockton:
    - 9.2 miles of fix- in-place improvements with soil-bentonite cutoff walls of various depths.
    - 2 miles of levee geometry improvements along one segment of the Calaveras River and one segment of the San Joaquin River.
    - 0.53 miles of height improvements of 1.8 feet.
    - 0.75 miles of new levee with soil-bentonite cutoff wall on Duck Creek to address flanking of flood waters from South of Central Stockton.
    - 0.28 miles of height improvements of 4 feet on the RD 404 levee.
    - Control structure at Smith Canal with 0.2 miles of floodwall.

As the USACE, the CVFPB, and the Agency advance implementation of the LSJRP, the final configuration of the improvements may be refined consistent with the intent of the original authorization or any future changed authorization by the U.S. Congress. The Project is intended to provide the flood protection benefits of the authorized project in its final configuration. In addition, any required project mitigation or permitting requirements of the Project are included within the costs of the Project.

Capital improvements along other portions of the system for the purposes of ensuring the long-term FEMA accreditation may include feasibility studies, analyses, field investigations, engineering, design, and construction. Efforts have not yet been defined in detail for this work. These efforts will be further investigated and defined over the coming years.

The next page presents an overview of the LSJRP.


Legend
Cut-Off Wall
Cut-Off Wall, Levee Reshaping
New Levee with Cut-Off Wall
Seismic Fix, Levee Reshaping
Smith Canal Improvements
Erosion Protection
Levee Raise
LSJRP Closure Locations
Proposed Fourteen-Mile Slough Closure Structure and Levee Alignment to be Determined
Smith Canal Closure Structure
Bear Creek
Bear Creek
Calaveras River
Fourteen-Mile Slough
Calaveras River
Smith Canal
San Joaquin River
San Joaquin River
San Joaquin River
French Camp Slough
I5
I5
I5
I5
S4

Construction Timeline. Given the size of the LSJRP, the USACE will implement the Project in phases over time. For the purposes of the Assessment District, the estimated timeline to Project completion is twenty years. See also "RISK FACTORS RELATING TO THE 2023 BONDS—Project Completion; Funding."

Status of Funding; Estimated Project Costs. The Assessment District provides for the local share of the funding required to meet the Project cost share requirements as defined in the PPA and LPPA. These includes but are not limited to items such as:

- Cash contributions to USACE pursuant to the PPA and LPPA obligations.
- Environmental compliance and permitting.
- Locally-led design.
- Lands, easements, and rights-of-way acquisitions.
- Relocations of utilities.
- Locally-led construct improvements.
- Operate and maintain facilities in such a fashion so that they will continue to provide the needed level of flood protection in perpetuity.

Set forth below is a table that sets forth the estimated costs of the Project, and the sources of funds to pay those costs.

Table 1
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
Levee Construction and Maintenance Assessment
Project Cost Estimate and Sources of Funding

Project Components	Expected Cost ($1,000)
Preconstruction, Engineering, Design	$ 172,043
Lands, Easements, Rights-of-Way, Relocations, and Disposal Areas (LERRD)	214,251
Construction and Construction Management	938,814
Smith Canal Gate Estimated Cost(1)	96,000
Agency Project Management and Operational Soft Costs(2)	24,270
Interim maintenance during construction	36,165
Total Project Costs	$1,481,543
Project Funding Sources	
Non-Local Funding	
State and Federal Cost Share Contribution(3)	$1,271,892
Agency Funding	
Agency funds contributed directly to USACE, prior to 2022(4)	$ 921
Agency Available Fund Balance (2022)(5)	2,218
Agency Credit for Smith Canal Gate Project(6)	28,800
Subtotal Agency Funding to Date	31,939
Assessment District Pay-Go-Revenues(7)	220,274
Assessment District 2023 AR Bond Project & Redemption Fund Deposits	30,000
Agency Smith Canal 2020 AR Bond Redemption	-24,498
Assessment District 2023 AR Bond Debt Service during Implementation	-63,683
Assessment District Future AR Bond Project Fund Proceeds(8)	70,000
Assessment District Future AR Bond Debt Service(8)	-49,256
Subtotal Agency Future Funding	$182,837
Total Project Funding Sources	$1,486,668
Net Funding Sources in excess of expected Project Costs(9)	$5,125

(1) Estimate based on expenditures as of mid-2022 and future expenditures through completion
(2) Includes costs that are not expected to be reimbursable or credited to the Federal Lower San Joaquin River Project, such as CEQA compliance, project management, technical review and assistance.
(3) Federal cost share is 65% of total Project cost; State cost share is 24.5% of total Project cost. Total Project cost includes the estimated actual cost for Smith Canal Gate improvements completed by the Agency and the State.
(4) Represents portion of costs listed above incurred by Agency prior to 2022 and direct funding provided to USACE.
(5) Represents available fund balance for the Project in FY 2022.
(6) Estimated at 30% of expected Smith Canal Gate actual costs, based on local-state cost share split of 30%-70%.
(7) Represents actual and projected Assessment revenues collected through project implementation and close-out, thru 2049.
(8) Assumes future Parity Obligation issues yielding $10 million and $60 million in proceeds in 2033 and 2038 respectively. Debt service associated with these issuances through Project implementation of 2049 is shown; the remaining debt service is paid from ongoing Assessment Revenues beyond Project completion in 2049.
(9) Net funding sources available to adjust future debt service requirements and pay down debt sooner or reduce Assessments according to Project debt retirement.

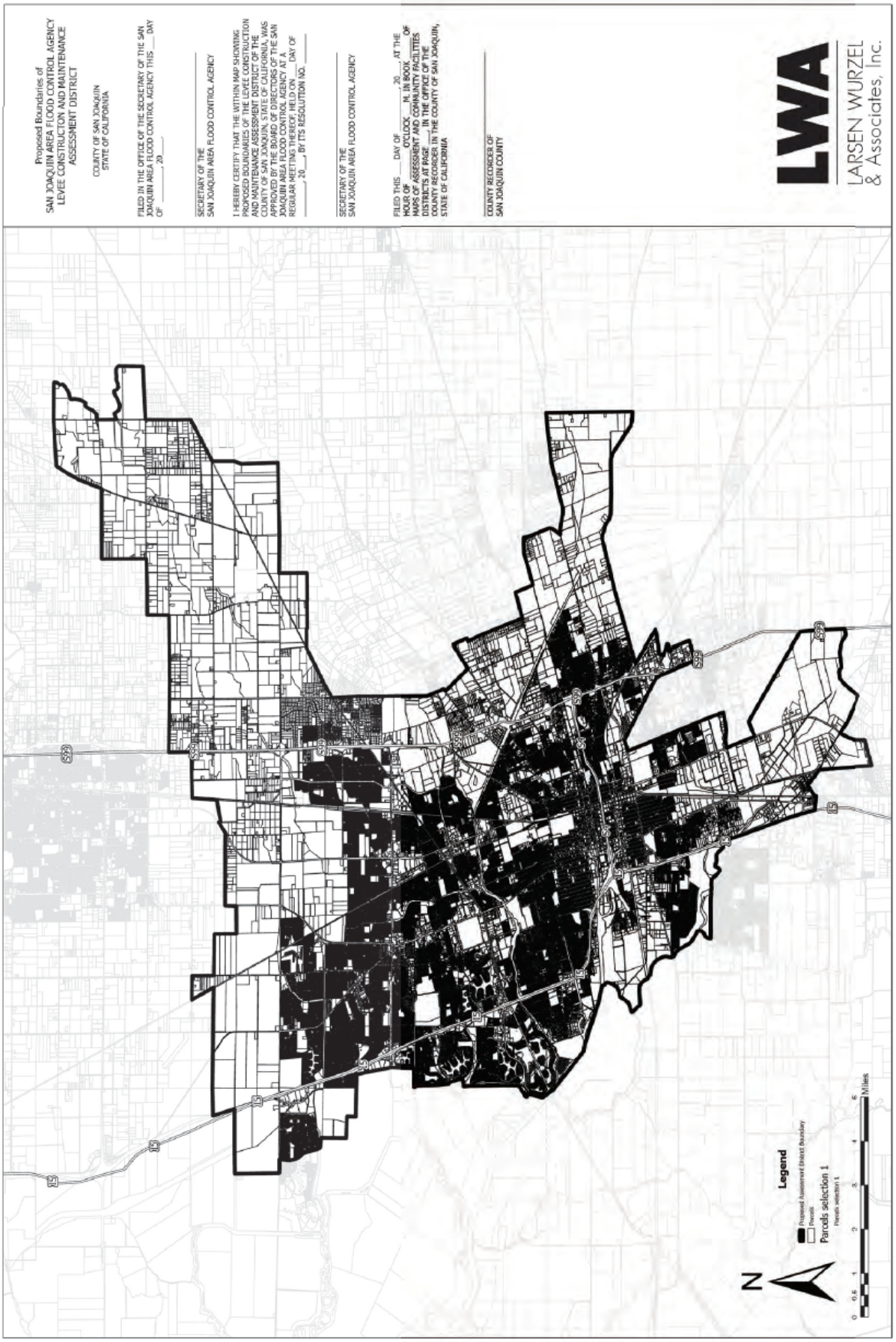
Source: Larsen Wurzel & Associates, Inc.

THE ASSESSMENT DISTRICT

Formation of the Assessment District

The Board of Directors of the Agency, by Resolution No. SJAFCA 23-07, adopted on March 16, 2023 declared its intention to undertake special assessment proceedings pursuant to the 1982 Act to form the Assessment District from properties benefitted by the Project. The Assessment District was formed on June 15, 2023 pursuant to the Act. The procedure under which the Assessments are authorized to be levied was initiated by the Agency and included a protest ballot proceeding whereby owners of property in the Assessment District elected to incur an Assessment obligation secured by a lien upon their property. The ballot proceeding resulted in approximately _____% of the weighted ballots received in favor of the Assessments.

The following page contains a map from the Engineer's Report for the Assessment District showing the boundaries of the Assessment District.


Proposed Boundaries of
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE
ASSESSMENT DISTRICT
COUNTY OF SAN JOAQUIN
STATE OF CALIFORNIA
FILED IN THE OFFICE OF THE SECRETARY OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY THIS ___ DAY OF _____, 20___.
SECRETARY OF THE
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF THE LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT OF THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY AT A REGULAR MEETING THEREOF, HELD ON ___ DAY OF _____, 20___, BY ITS RESOLUTION NO. _____
SECRETARY OF THE
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
FILED THIS ___ DAY OF _____, 20___, AT THE HOUR OF ___ O'CLOCK ___ M. IN BOOK ___ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ___, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA
COUNTY RECORDER OF
SAN JOAQUIN COUNTY
LWA
LARSEN WURZEL
& Associates, Inc.
Legend
Proposed Assessment District Boundary
Parcels
Parcels selection 1
Parcels selection 1
0 0.5 1 2 3 4 6 Miles
N
5
99
99
5

Assessed Property

The area subject to Assessments encompasses 94,172 parcels having a total 2023-24 assessed valuation of $29,327,999,870. Assessed parcels include approximately 1,065 publically-owned parcels; collection of the Assessment on such parcels may be subject to limitations. See "SECURITY FOR THE 2023 BONDS—Collection of Delinquent Assessments."

The value of the land within the Assessment District is a critical factor in determining the investment quality of the 2023 Bonds. If a property owner defaults in the payment of an Assessment, there is no accelerated foreclosure remedy; the Agency's only remedy is to recover unpaid Assessments through the County's procedure for collection of regular property taxes. See "SECURITY FOR THE 2023 BONDS—Collection of Assessments" and "RISK FACTORS RELATING TO THE 2023 BONDS—Bankruptcy and Foreclosure Delays." The collection of Assessments levied on parcels not owned by governmental agencies is expected to be included under County's Teeter Plan, however no assurance can be given that the Teeter Plan will remain in effect with respect to the Assessments during the entire term the 2023 Bonds are outstanding. See "SECURITY FOR THE 2023 BONDS—Tax Loss Reserve Fund – Teeter Plan." The County's remedy for non-payment of Assessment is foreclosure of the property subject to the delinquent Assessment; as such, reductions in Assessment District property values due to a downturn in the economy, natural disasters such as earthquakes or floods, stricter land use regulations or other events could have an adverse impact on the security for payment of the delinquent Assessments.

The table below sets forth the current development status of the parcels in the Assessment District.

Table 2
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
Levee Construction and Maintenance Assessment
Development Status

Land Use	No. of Parcels	% of Total Parcels	Aggregate 2023-24 Assessed Value	% of Assessed Value	2023-24 Net Assessment Levy(1)	% of Total 2023-24 Levy
Developed	90,540	96.14%	$28,871,805,032	98.44%	$4,903,661	99.84%
Undeveloped	3,632	3.86	456,194,838	1.56	7,689	0.16
Total	94,172	100.00%	$29,327,999,870	100.00%	$4,911,350	100.00%

(1) For Fiscal Year 2023-24, the total Assessment levy is $7,520,691. The Fiscal Year 2023-24 Assessment levy in the Table above subtracts $2,609,341 of the portion of the levy for costs of the Services and for costs of administration of the Assessment District that are not pledged to the payment of debt service on the 2023 Bonds.
Source: Parcel Quest as compiled by Larsen Wurzel & Associates, Inc.

The following table shows, for the parcels in the Assessment District, the annual range of the Assessments being levied for fiscal year 2023-24.

Table 3
SAN JOAQUIN AREA FLOODS CONTROL AGENCY
Levee Construction and Maintenance Assessment District
Parcel Count by Annual Assessment Range

Number of Assessed Parcels	Range of FY 2023-24 Assessment
37,520	$2-$25
23,413	$25-$50
8,034	$50-$75
4,761	$75-$100
12,342	$100-$200
4,991	$200-$300
1,491	$300-$400
542	$400-$500
238	$500-$600
152	$600-$700
105	$700-$800
56	$800-$900
50	$900-$1000
477	>$1000
94,172	

Source: Larsen Wurzel & Associates, Inc.

Land Uses in the Assessment District. Parcels in the Assessment District are the subject of various land uses, including residential, commercial and industrial. Land use in the Assessment District and 2022-23 County assessed valuation of property in the Assessment District is summarized below.

Table 4
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
Levee Construction and Maintenance Assessment District
2022-23 Assessed Valuation by Land Use

Land Use	Numbers of Parcels	% of Parcels	2023-24 Net Assessment Levy[1]	% of Total 2023-24 Levy	Assessed Value[2]	% of Total Assessed Value
Single-Family Residential	75,807	80.50%	$3,294,113	67.07%	$18,221,354,908	62.13%
Multi-Family Residential	5,830	6.19	525,379	10.70	2,465,952,752	8.41
Mobile Home	143	0.15	3,539	0.07	100,851,208	0.34
Commercial	3,299	3.50	555,297	11.31	4,220,402,478	14.39
Industrial	1,044	1.11	391,846	7.98	2,558,407,812	8.72
Public[3]	1,065	1.13	115,306	2.35	340,986,963	1.16
Agricultural	674	0.72	6,663	0.14	412,180,940	1.41
Open Space - Developed	1,608	1.71	6,263	0.13	137,627,843	0.47
Rural Residential	1,070	1.14	5,255	0.11	414,040,128	1.41
Vacant	3,632	3.86	7,689	0.16	456,194,838	1.56
Total	94,172	100.00%	$4,911,350	100.00%	$29,327,999,870	100.00%
Ownership Type						
Privately Owned Parcels	92,984	98.74%	$4,798,777	97.71%	$29,297,642,714	99.90%
Government Owned Parcels	1,188	1.26	112,573	2.29	30,357,156	0.10
Total	94,172	100.00%	$4,911,350	100.00%	$29,327,999,870	100.00%

(1) For Fiscal Year 2023-24, the total Assessment levy is $7,520,691. The Fiscal Year 2023-24 Assessment levy in the Table above subtracts $2,609,341 of the portion of the levy for costs of the Services and for costs of administration of the Assessment District that are not pledged to the payment of debt service on the 2023 Bonds.
(2) 2022-23 Assessed values and land use per Parcel Quest.
(3) "Public" land use include properties used for public purposes. Parcels in this category are not necessarily owned by government entities.
Source: Larsen Wurzel & Associates, Inc.

Average Assessment for Single Family Home. In Fiscal Year 2023-24, the average Assessment for a single-family home is expected to be $82 per year. Approximately 80% of the parcels in the Assessment District are single-family homes responsible for approximately 67% of the Fiscal Year 2023-24 Assessment levy. Approximately 78% of all single-family parcels have an Assessment less than or equal to $100 in Fiscal Year 2023-24.

Owners of Property With Aggregate Largest Assessments in the Assessment District. Property subject to the Assessments is currently comprised of 94,172 parcels. The following table shows the owners of property corresponding to the 25 highest aggregate Assessment amounts. 862 of the parcels are owned by a public entity (including the Stockton and Lincoln Unified School Districts, the University of the Pacific, the City of Stockton, the County of San Joaquin and the State of California) where enforcement of payment of the Assessment may not be enforceable by foreclosure. See "RISK FACTORS RELATING TO THE 2023 BONDS—Government Owned Properties."

Table 5
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
Levee Construction and Maintenance Assessment
Top 25 Property Assessment – Private and Public Owners
Fiscal Year 2023-24

	Property Owner	Number of Parcels	Primary Use	FY 2023-24 Net Assessment Levy(1)	% of FY 2023-24 Assessment	FY 2022-23 Assessed Value
1	STOCKTON UNIFIED SCHOOL DIST	101	School	$54,661	1.11%	$11,774,058
2	STOCKTON PORT DISTRICT	41	Industrial	44,724	0.91	0
3	MARINA VILLAGE WEST LP	6	Multi-Family Residential	27,426	0.56	11,524,994
4	LINCOLN UNIFIED SCHOOL DIST	17	School	26,979	0.55	2,457,144
5	UNIVERSITY OF THE PACIFIC	16	School	20,704	0.42	324,312,476
6	BREIT STOCKTON INDUSTRIAL PARK LLC	8	Industrial	19,565	0.40	35,543,469
7	BROOKSIDE CROSSING LLC	2	Multi-Family Residential	15,995	0.33	21,164,555
8	LAGUNA PARK 98 LLC	3	Multi-Family Residential	13,206	0.27	7,926,794
9	G&I X STOCKTON COMMERCE LP	4	Industrial	12,842	0.26	54,825,000
10	VENETIAN BRIDGES STOCKTON LLC	6	Multi-Family Residential	12,113	0.25	29,565,610
11	BRE MG WATERFIELD SQUARE LLC	2	Multi-Family Residential	11,426	0.23	51,377,566
12	DURAFLAME INC	12	Industrial	11,203	0.23	25,048,780
13	WESTCORE CG NAVY LLC	3	Industrial	10,542	0.21	20,502,000
14	STOCKTON CITY OF	628	Public	9,785	0.20	6,458,089
15	GRUPE SQUAW VALLEY CO LTD PTP	9	Commercial	9,025	0.18	16,227,869
16	SAN JOAQUIN COUNTY OF	112	Public	7,811	0.16	5,104,929
17	LAKEVIEW STOCKTON LLC	1	Multi-Family Residential	7,685	0.16	10,578,636
18	HOLT BROS CORP	2	Commercial	7,673	0.16	4,213,262
19	PENNY NEWMAN GRAIN CO CORP	1	Industrial	7,614	0.15	13,263,483
20	CALIFORNIA STATE OF	126	Public	7,322	0.15	184,885
21	C THOMPSON FAMILY LP	2	Commercial	7,289	0.15	12,604,927
22	LILVAL PROPERTIES LTD	4	Commercial	7,189	0.15	9,297,530
23	SIV ARMY COURT LLC	1	Industrial	7,081	0.14	24,345,086
24	PATMON COUNTRY CLUB VLG LTD PTP	2	Multi-Family Residential	6,912	0.14	9,501,845
25	BEHZAD A TAVAKOLI	10	Commercial	6,686	0.14	4,857,702
	Grand Total of Top 25 Assessments	1,115		$373,458	7.60%	$712,660,689
	Total of Government Owned Parcels in Top 25 Assessments	980		$106,558	2.17%	$25,979,105
	Total of Privately Owned Parcels (non-Government) in Top 25 Assessments	135		$266,900	5.43%	$686,681,584
	Grand Total Assessment District	94,172		$4,911,350	100.00%	$29,327,999,870

(1) For Fiscal Year 2023-24, the total Assessment levy is $7,520,691. The Fiscal Year 2023-24 Assessment levy in the Table above subtracts $2,609,341 of the portion of the levy for costs of the Services and for costs of administration of the Assessment District that are not pledged to the payment of debt service on the 2023 Bonds.

Source: Larsen Wurzel & Associates, Inc.

Neither the 2023 Bonds nor the Assessments are personal obligations of any person or entity owning property within the Assessment area or having any interest in such property at the present time or at any time in the future. An owner of land in the Assessment area can elect at any time to not pay Assessments and allow the property to be foreclosed and in doing so, such owner will incur no personal liability for the Assessments, regardless of the amount of proceeds from a foreclosure sale.

Levies and Collections

Other than Assessments on governmental owned property, the Assessments will be collected in the same manner as ordinary *ad valorem* property taxes are collected and are subject to the same penalties and the same procedure, sale by the County, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Accordingly, the majority of the Assessments will be collected by the County as a part of annual property tax bills, and Assessment moneys received will be forwarded to the Agency and held by the Agency in its Operating Fund subject to the pledge for payment of the 2023 Bonds.

The Assessments will first be levied in fiscal year 2023-24. The Agency expects that it will need to direct bill certain governmental owned parcels. Assessment billings on those properties will be sent by the Agency in similar timeframes as County ad valorem property tax billings. The 2023-24 Assessment levy includes an estimated $112,573 in direct-billed Assessments on governmental owned parcels. Collection of delinquent Assessments on governmental owned property may be difficult or impossible as such property is not subject to foreclosure. See "RISK FACTORS RELATING TO THE 2023 BONDS—Government Owned Properties."

An Assessment is levied on each parcel within the Assessment District and only the respective individual parcel is responsible for such Assessment. In the event of delinquency in the payment of any Assessment, the remedy for payment may only be pursued against the delinquent parcel.

Overlapping Liens

Agencies that provide public services that overlap the boundaries of the Assessment District may have outstanding certificates of participation and bonds in the form of general obligation, special assessment, special tax, redevelopment or lease revenue bonds. Some impose special assessments and charges without corresponding indebtedness. In general, certificates of participation and redevelopment and lease revenue bonds do not represent obligations for which a property owner is obligated to make a direct payment representing debt service, but instead such obligations can be payable from the general fund of the issuer of such obligation or from property tax increment made available to such issuer.

The following table shows a Debt Report of the direct and overlapping debt for property within the Assessment District as of May 5, 2023, as compiled by California Municipal Statistics, Inc. Neither the Agency nor the Underwriter has independently verified the information in the Debt Report and neither guarantees its completeness or accuracy.

Table 6
SAN JOAQUIN AREA FLOOD CONTROL AGENCY ASSESSMENT DISTRICT
Levee Construction and Maintenance Assessment District
Direct and Overlapping Debt

2022-23 Assessed Valuation: $29,304,343,085 (Land, Improvements and Personal Property)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/23
San Joaquin Delta Community College District	25.537%	$ 44,861,808
Lincoln Unified School District	97.354	60,535,533
Linden Unified School District	16.327	525,052
Lodi Unified School District	39.470	111,890,158
Lodi Unified School District and Schools Facilities Improvement District No. 1	93.665	37,536,360
Manteca Unified School District	3.274	6,912,867
Stockton Unified School District	78.929	368,281,760
Lincoln Unified School District Community Facilities District No. 1	98.915	13,379,804
City of Stockton Assessment and Special District Refunding	100.	22,995,000
City of Stockton Community Facilities Districts	100.	21,646,000
City of Stockton Mosher Reassessment District No. 2014-1	100.	8,880,000
Reclamation District No. 2042 Community Facilities District No. 2001-1	63.471	2,344,571
San Joaquin Area Flood Control Agency Smith Canal Area Assessment District	99.983	21,701,310
San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District	100.	0 (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$721,490,223
OVERLAPPING GENERAL FUND DEBT:		
San Joaquin County General Fund Obligations	27.645%	$ 15,188,372
Lincoln Unified School District Certificates of Participation	99.690	7,606,318
Linden Unified School District Certificates of Participation	69.380	4,093,442
Lodi Unified School District Certificates of Participation	48.082	4,130,202
Manteca Unified School District Certificates of Participation	7.177	1,003,332
Stockton Unified School District Certificates of Participation	91.456	22,095,695
City of Stockton Pension Obligation Bonds	97.697	51,666,748
Lathrop-Manteca Rural Fire Protection District Certificates of Participation	0.212	7,214
TOTAL OVERLAPPING GENERAL FUND DEBT		$105,791,323
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$68,422,493
COMBINED TOTAL DEBT		$895,704,039 (2)

(1) Excludes the 2023 Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2022-23 Assessed Valuation:
Direct Debt ($0) 0.00%
Total Overlapping Tax and Assessment Debt 2.46%
Combined Total Debt 3.06%

Projected Debt Service Coverage

The following table shows pro-forma debt service coverage on the 2023 Bonds. The information in the table is based on a variety of assumptions which the Agency believes to be reasonable. In the event that actual conditions vary significantly from those assumed by the Agency, there can be no assurances that actual debt service coverage will not materially differ from the projections set forth in the table.

The amounts shown in the table for "Net Assessment Revenues" in each fiscal year is the amount assessed by the Agency in that fiscal year as increased from the prior year based on the increase estimated and allowed for the administration/operations and maintenance component of the annual Assessments. The actual amount levied and received by the Agency in any future fiscal year may be less than the amount set forth in the table. As described herein, the Assessment to be imposed on individual properties has been established at specified maximum amounts. Assessments can be levied up to these maximum amounts and only as needed to cover 2023 Bond and any Parity Obligation debt service, the costs of the Project, and the costs of

the Services. The aggregate amount of Assessments actually collected in any year could decline as a result of significant changes in land use, or delinquencies in payments by land owners.

Currently, the Assessments will generate approximately $4,921,785 annually for the Project/2023 Bond debt service component of the Assessments. A portion of the annual Assessment revenue, in the amount of $2,609,341 is expected to be available for Services and for costs of administration of the Assessment District. Assessments may increase or decrease as parcels transition among land uses and improvements on the land.

Table 7
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
Levee Construction and Maintenance Assessment District
Estimated Debt Service Coverage

Tax Year	Net Assessment Revenue(1)	Less: Revenue from Public Parcels(2)	Net Assessment Revenue(3)	Estimated 2023 Bond Debt Service*	Coverage from Private Parcels*	Revenue from Gov't Owned Parcels*	Net Assessment Revenue from All Parcels(4)	Coverage from All Parcels
2024	$4,921,785	($106,558)	$4,815,227	$1,900,000	2.53	$106,558	$4,921,785	2.59
2025	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2026	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2027	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2028	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2029	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2030	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2031	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2032	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2033	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2034	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2035	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2036	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2037	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2038	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2039	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2040	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2041	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2042	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2043	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2044	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2045	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2046	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2047	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2048	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2049	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2050	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2051	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2052	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59
2053	4,921,785	(106,558)	4,815,227	1,900,000	2.53	106,558	4,921,785	2.59

* Preliminary, subject to change.

(1) For Tax Year 2024, the total Assessment levy is $7,520,691. The Tax Year 2024 Assessment levy in the Table above subtracts $2,609,341 of the portion of the levy for costs of the Services and for costs of administration of the Assessment District that are not pledged to the payment of debt service on the 2023 Bonds. Assessments are subject to annual escalation based on the annual change in the Consumer Price Index February to February CPI-W for San Francisco- Oakland-Hayward all items, with Base Period 1982-84=100, published by the U.S. Department of Labor, Bureau of Labor Statistics, subject to a minimum of 0% and a maximum of 4% in any given year.

(2) Pledged for repayment of the 2023 Bonds but not assumed for 2023 Bond sizing purposes.

(3) Excludes assessment revenue from governmental owned parcels.

(4) Includes assessment revenue from governmental owned parcels.

Sources: Larsen Wurzel & Associates, Inc. and Hilltop Securities Inc.

RISK FACTORS RELATING TO THE 2023 BONDS

Flood Risks Prior to Project Completion

The Project is expected to reduce the risk of flood damage to property in the Assessment District but may take more than twenty years to complete. See "THE PROJECT." The occurrence of a flood or other natural disaster which resulted in significant damage to property within the Assessment District could materially adversely affect the ability of the Agency to collect Assessments at the levels required to pay debt service on the 2023 Bonds in a timely manner.

There can be no assurances that a significant flooding event will not result in damage to or abandonment of properties within the Assessment District, or reduce the willingness and ability of the property owners within the Assessment District to pay Assessments when due, or otherwise materially adversely affect the ability of the Agency to pay debt service on the 2023 Bonds in a timely manner.

Project Completion; Funding

The Project intended to reduce the risk of flood damage to property in the Assessment District may take more than twenty years to complete. See "THE PROJECT." Implementation of the Project could be delayed for a variety of reasons, including but not limited to longer than expected construction periods or higher than expected construction costs. In addition, completion of the Project depends in part on the timely receipt of Federal and State funding. Failure to receive funding at the times and in the amounts contemplated by the Agency could cause delays in Project implementation. Any such delays or changes could result in significant delay of a planned phase of the Project, or abandonment of planned components, and/or reduce the willingness and ability of the property owners within the Assessment District to pay Assessments when due, or otherwise materially adversely affect the ability of the agency to pay debt service on the 2023 Bonds in a timely manner.

Factors Affecting Parcel Value and Aggregate Values

The facts and circumstances concerning the values of the parcels subject to the Assessments that are of importance are not confined to those relating to individual parcel values because the 2023 Bonds are not individually secured by particular parcels. The following are some of the factors that may affect the market for and value of particular parcels in the Assessment District.

Geologic, topographic and climatic conditions. Values of parcels can be adversely affected by a variety of natural events and conditions. These include, without limitation:

- geologic conditions such as earthquakes;
- wildfires;
- topographic conditions such as earth movements and floods; and
- climatic conditions such as droughts.

The possibility of the occurrence of some of these conditions and events, particularly as the flood hazards, has been taken into account to a limited extent in the design of public improvements that have been or may be approved by the Agency or other public agencies. Building codes require that some of these conditions be taken into account to a limited extent in the design of private improvements. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change from time to time leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria, at the time of their establishment, reflect a

balance between the present costs of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Also reflecting that balance are decisions not to impose design criteria at all.

The Agency expects that one or more of these conditions may occur from time to time, and, even with current FEMA and FEMA mapping standards, such conditions may result in damage to property improvements. That damage may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of the parcels in the Assessment District could depreciate substantially notwithstanding the establishment of design criteria and/or the execution of the mitigation of flood risk measures undertaken by the Agency.

Legal requirements. Other events that may affect the value of a parcel include changes in the law or application of the law. Such changes may include, without limitation, the local application of statewide tax and governmental spending limitation measures.

Seismic Conditions. The area of the Assessment District, like all California communities, may be subject to unpredictable seismic activity. There are several active and potentially active fault zones that could affect the area.

Economic Conditions. There can be no assurance that property values will not decline again in the future. The Assessments on a given property within the Assessment District are not dependent on property value, and the annual Assessments constitute liens on parcels assessed. However, there can be no assurances that prevailing economic conditions, or reduced property values would not result in delinquencies in the payment of Assessments.

Other Possible Claims Upon the Value of a Parcel

Hazardous substances. While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Assessments is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to released or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator of a property is obligated to remedy a hazardous substance condition whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the current existence on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon delinquency.

Levy and Collection of the Assessments

The principal source of payment of principal of and interest on the 2023 Bonds is the proceeds of the annual levy and collection of the Assessments against property within the Assessment District. The annual levy of the Assessments is subject to the maximum assessment rates authorized. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Assessments, together with other available funds, will not be sufficient to pay debt service on the 2023 Bonds. Other funds that might be available include funds derived from the payment of penalties on delinquent Assessments and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Assessments are delinquent.

The levy of the Assessments will rarely, if ever, result in a uniform relationship between the value of particular assessed parcels and the amount of the levy of the Assessments against such parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the 2023 Bonds, and certainly not a direct relationship.

The Assessments levied in any particular assessment year on an assessed parcel is based upon the application of the assessment methodology. Application of the assessment methodology will, in turn, be dependent upon land uses and improvements with respect to each assessed parcel.

The Assessments (except for Assessments levied on public property directly billed to the applicable property owners) are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and non-payment is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County. The Agency has no ability to bring a foreclosure action and is dependent on the County's procedures for enforcement of the lien of the Assessments on delinquent property.

In the event that sales of property are necessary, there could be a delay in payments to owners of the 2023 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Agency of the proceeds of sale.

Other Governmental Obligations. While the 2023 Bonds are not secured by specific parcels, the security only extends to the value thereof that is not subject to priority and parity liens and similar claims relative to the 2023 Bonds (i.e., special taxes or assessments). Other governmental obligations may be authorized and undertaken or issued in the future the tax, assessment or charge for which may become an obligation of one or more of the parcels in the Assessment District, and may be secured by liens on a parity with the liens of the Assessments.

In general, as long as installments of the Assessments are collected on the County tax roll, the installments and all other taxes, assessments and charges also collected on the tax roll are on a parity. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Assessments, the Assessments will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Assessments will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis.

No Accelerated Foreclosure

The Assessments (except for Assessments levied on public property directly billed to the applicable property owners) are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and non-payment is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County. ***The Agency has no ability to bring a foreclosure action and is dependent on the County's procedures for enforcement of the lien of the Assessments on delinquent property.***

Bankruptcy

The payment of the Assessments and the ability of the Agency to collect delinquent Assessments, as discussed in "SECURITY FOR THE 2023 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights. The various legal opinions to be delivered concurrently with the delivery of the 2023 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner or any other person claiming an interest in a property subject to the Assessments could result in a delay in collection proceedings and could result in the possibility of annual Assessment installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2023 Bonds.

Proposition 218

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Over the past 18 years, the voters have exercised this power through the adoption of Proposition 13 and similar measures. On November 5, 1996, the voters approved Proposition 218.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the Agency. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2023 Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Reassessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. The Assessments were authorized by a ballot procedure meeting the requirements of Proposition 218.

Among other things, Section 3 of Article XIIIC states that ." . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge."

On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

> "Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Therefore, although the matter is not free from doubt, it is likely that Proposition 218 has not conferred on the voters the power to repeal or reduce the Assessments if such reduction would interfere with the timely retirement of the 2023 Bonds.

The Assessments were authorized by a protest ballot proceeding satisfying the requirements of Proposition 218.

Like its antecedents, Proposition 218 is likely to undergo both judicial and legislative scrutiny before its impact on the parcels in the Assessment District and its obligations can be determined. Certain provisions of Proposition 218 may be examined by the courts for their constitutionality under both State and federal constitutional law. The Agency is not able to predict the outcome of any such examination.

Government-Owned Properties

Proposition 218, discussed herein, for the first time required the assessment of governmental owned property that benefits from the improvements. The law thus appears to require governmental agencies to pay the annual Assessments. Under State law, the Agency generally may not foreclose on properties owned by governmental entities in order to collect delinquent Assessments. Currently, approximately 1.26% of the total amount of Assessments are payable by governmental entities. Judicial enforcement of delinquent assessments owed by governmental agencies has not been tested in the courts, nor enforcement of any money-judgment that might be obtained against any governmental entity through the judicial process. No assurance can be given that effective and timely enforcement of any delinquent Assessments against governmental agencies can be achieved, particularly against the Federal Government. The Assessments levied against such property likely may not be collected through any County foreclosure proceeding and as such, may be largely unenforceable. For that reason, the Agency expects that it, as well as the County, will be unable to collect the Assessments on governmental owned property should the government entity which owns the property elect not to pay the respective Assessments allocated to its property. In the event that collections from private property owners are insufficient, the inability or unwillingness of governmental entities to pay Assessments could adversely affect the ability of the Agency to pay debt service with respect to the 2023 Bonds. To mitigate any such impact on the payment of the 2023 Bonds, the Agency has agreed to allocate Assessments levied on governmental owned parcels to the costs of administering the Assessment District and the costs of the Services.

Payment of the Assessments Is Not a Personal Obligation

The owners of assessed property are not personally liable for the payment of the Assessments. Rather, the Assessments are obligations only of the property subject to an Assessment. If the value of a parcel of property is not sufficient to fully secure the Assessments on it, the Agency has no recourse against the owner.

Limited Obligation to Pay Debt Service

The Agency has no obligation to pay principal of and interest on the 2023 Bonds if Assessment collections are insufficient for that purpose, other than from amounts, if any, on deposit in the Reserve Fund. The Agency is not obligated to advance its own funds to pay debt service on the 2023 Bonds.

Reduction of Assessments

Under the assessment methodology, the amount of the Assessment levied on a parcel in each year is a function of the imputed benefit derived by such property and is not based directly on apportionment of debt service on the 2023 Bonds. Accordingly, a reduction in benefit derived by a parcel (such as through change in land use classification of a parcel or the size or existence of improvements on a parcel) could reduce the Assessment levied on such parcel. For example, to the extent improvements on a property are partially or totally destroyed for any reason (including but not limited to the occurrence of a significant flood event) and not rebuilt, the land use classification of the property could be reclassified by the County Assessor and subject to a substantially reduced Assessment. Also, the use of a parcel of property may change and therefore could result in a different classification under the methodology utilized for Assessments.

Covenant to Levy Assessments Not a Guarantee

The Agency has agreed convenanted in the Fiscal Agent Agreement, to the maximum extent permitted by law, it will cause to be levied and collected in each Bond Year an amount of Assessment Revenues (excluding Governmental Revenues) which is at least equal to 110% of the amount of principal of and interest on the 2023 Bonds and all outstanding Parity Obligations coming due in such Bond Year. The ability of the Agency to pay the debt service on the 2023 Bonds depends on the ability of the Agency to collect Assessments in the amounts required by the Fiscal Agent Agreement. Although the Agency expects that sufficient Assessments will be collected, there is no assurance that the levy of Assessments will result in the collection of Assessments in the amounts required by the Fiscal Agent Agreement. As a result, the Agency's covenant does not constitute a guarantee that sufficient Assessments will be available to make debt service payments on the 2023 Bonds.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. See "SECURITY FOR THE 2023 BONDS—Reserve Fund." Funds in the Reserve Fund, or draws on the Reserve Policy, may be used to pay principal of and interest on the 2023 Bonds if insufficient funds are available from the proceeds of the levy and collection of the Assessments. If funds in the Reserve Fund for the 2023 Bonds are depleted, and draws are made on the Reserve Policy, the funds can be replenished and Policy Costs can be paid from the Assessment Revenues that are in excess of the amount required to pay debt service on the 2023 Bonds and on any Parity Obligations pursuant to the Fiscal Agent Agreement. However, no replenishment from the proceeds of Assessment Revenues can occur as long as the proceeds that are collected, together with other available funds, remain insufficient to pay all such debt service amounts. Thus it is possible that the Reserve Fund will be depleted and not replenished.

Further, the Agency is not required under the Fiscal Agent Agreement to replace the Reserve Policy with cash or a replacement instrument in the event the ratings of the Municipal Bond Insurer decline or are withdrawn or if amounts are unavailable to be drawn under the Reserve Policy.

Limitations on Remedies

Remedies available to the owners of the 2023 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2023 Bonds or to preserve the tax-exempt status of the 2023 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the 2023 Bonds and of the Fiscal Agent Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the 2023 Bonds.

COVID-19 Pandemic

The COVID-19 Pandemic is ongoing, and its duration and severity and economic effects are uncertain in many respects and difficult to forecast. The ultimate impacts of the COVID-19 Pandemic on the Agency's operations, financings and Project costs is not fully known, and it may be some time before the full adverse impact of the COVID-19 Pandemic is known. Further, there could be future outbreaks of other COVID-19 variants or other public health emergencies that could have material adverse effects on the Agency's operations and finances.

Property tax delinquencies may increase as a consequence of economic difficulties of property owners who contract COVID-19. However, the Assessments are expected to be collected under the County's Teeter Plan. So long as the County maintains its policy of collecting taxes and assessments pursuant to said procedures and the Agency meets the Teeter Plan requirements, the Agency will receive 100% of the annual Assessments levied on the County's secured property tax rolls without regard to actual collections. See "SECURITY FOR THE 2023 BONDS—Tax Loss Reserve Fund – Teeter Plan." There is the possibility that the County could end the Teeter Plan with respect to the Assessments in the future, although County staff has indicated that they have no plan to do that.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS—Tax Matters," interest on the 2023A Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2023A Bonds were issued as a result of future acts or omissions of the Agency in violation of its covenants in the Fiscal Agent Agreement. Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2023A Bonds were to be includable in gross income for purposes of federal income taxation, the 2023A Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption.

Bond Insurance

In the event of default of the payment of the scheduled principal of or interest on the 2023 Bonds when it becomes due, the Fiscal Agent on behalf of any owner of the 2023 Bonds shall have a claim under the Insurance Policy for such payments. The Municipal Bond Insurer may direct and must consent to any remedies with respect to the 2023 Bonds and the Municipal Bond Insurer's consent may be required in connection with amendments to the Fiscal Agent

Agreement. See Appendix A—Summary of Certain Provisions of the Fiscal Agent Agreement - Provisions Relating to the Bond Insurance Policy.

The Municipal Bond Insurer is also providing the Reserve Policy that is available to be drawn on to pay debt service on the 2023 Bonds under certain conditions. See "SECURITY FOR THE 2023 BONDS - Reserve Fund" herein.

The long-term, insured rating on the 2023 Bonds is dependent in part on the financial strength of the Municipal Bond Insurer and its claims paying ability. The Municipal Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Municipal Bond Insurer and the rating on the 2023 Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the 2023 Bonds. See "RATINGS" herein.

The obligations of the Municipal Bond Insurer under the Insurance Policy and the Reserve Policy are unsecured contractual obligations and in an event of default by the Municipal Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

None of the Agency, the Underwriter or the Municipal Advisor has made independent investigation into the claims paying ability of the Municipal Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Municipal Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Agency to make the debt service payments on the 2023 Bonds from the Assessment Revenues and the claims paying ability of the Municipal Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding the Municipal Bond Insurer and the Insurance Policy, which includes further instructions for obtaining current financial information concerning the Municipal Bond Insurer.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2023 Bonds, or, if a secondary market exists, that 2023 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Additional Debt

Other governmental entities or districts having jurisdiction over all or a portion of the land within the Assessment District may incur debt payable from taxes or assessments on all or a portion of the property within the Assessment District. Nothing prevents the owners of land within the Assessment District from consenting to the issuance of additional debt by other public agencies which would be secured by taxes, including special taxes, payable on an equal priority with the Assessments. To the extent such indebtedness is payable from special taxes or property taxes, such special taxes and property taxes may have a lien on the property within the Assessment District on a parity with the Assessments.

Accordingly, the debt on the property within the Assessment District could greatly increase, without any corresponding increase in the value of the property. The imposition of additional assessments could also reduce the willingness and ability of the property owners within the Assessment District to pay Assessments when due. The Agency has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Assessment District.

LEGAL MATTERS

Tax Matters

Federal tax law contains a number of requirements and restrictions which apply to the 2023A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Agency has covenanted in the Fiscal Agent Agreement to comply with all requirements that must be satisfied in order for the interest on the 2023A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2023A Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2023A Bonds.

Subject to the Agency's compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the 2023A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "**Code**").

In rendering its opinion, Bond Counsel will rely upon certifications of the Agency with respect to certain material facts within the Agency's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the 2023 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "**Issue Price**") for each maturity of the 2023A Bonds is the price at which a substantial amount of such maturity of the 2023A Bonds is first sold to the public. The Issue Price of a maturity of the 2023A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page of this Official Statement.

If the Issue Price of a maturity of the 2023A Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2023A Bonds (the "**OID Bonds**") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Agency comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated

maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 2023 Bonds who dispose of 2023 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2023 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2023 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2023A Bond is purchased at any time for a price that is less than the 2023A Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "**Revised Issue Price**"), the purchaser will be treated as having purchased a 2023A Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2023A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2023A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2023A Bonds.

An investor may purchase a 2023A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "**bond premium**" and must be amortized by an investor on a constant yield basis over the remaining term of the 2023A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2023A Bond. Investors who purchase a 2023A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2023A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2023A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2023A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2023A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "**Service**") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the

2023A Bonds. If an audit is commenced, under current procedures the Service may treat the Agency as a taxpayer and the 2023A Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2023 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the 2023A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2023A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2023A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the 2023 Bonds is exempt from California personal income taxes.

Owners of the 2023 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2023 Bonds may have state or local tax consequences other than as described above. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2023 Bonds. Prospective purchasers of the 2023 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon issuance of the 2023 Bonds is set forth in Appendix B.

Litigation

The Agency will certify at the time the 2023 Bonds are issued that no litigation is pending with respect to which the Agency has been served with process or is known to be threatened concerning the Project or the validity of the 2023 Bonds and that no action, suit or proceeding is known by the Agency to be pending that would restrain or enjoin the delivery of the 2023 Bonds, or contest or affect the validity of the 2023 Bonds or any proceedings of the Agency taken with respect to the 2023 Bonds.

Legal Opinion

The proceedings in connection with the issuance of the 2023 Bonds are subject to the approval as to their legality of Quint & Thimmig LLP, Larkspur, California, Bond Counsel. The form of the opinion of Bond Counsel is attached to this Official Statement as Appendix B – Form of Opinion of Bond Counsel.

THE AGENCY

The Agency was created in May of 1995 under the provisions of Sections 6500 *et seq.* of the California Government Code and a Joint Exercise of Powers Agreement among the City of Stockton, the County of San Joaquin and the San Joaquin County Flood Control and Water Conservation District. On November, 16, 2017, the Joint Exercise of Powers Agreement was amended to include the Cities of Lathrop and Manteca as members, and on January 1, 2018, the members executed an Amended and Restated Joint Exercise of Powers Agreement. The

Amended and Restated Joint Exercise of Powers Agreement provides that the debts, liabilities and obligations of the Agency are those of the Agency and not of its members.

The Agency currently has a nine member Board of Directors with two members combined from the San Joaquin County Flood Control and Water Conservation District and the Board of Supervisors of the County; two members from the Stockton City Council; two members from the Lathrop City Council; two members from the Manteca City Council; and one member of the public, appointed by a simple majority of the other Board members, who resides or works within the boundaries of the Agency. Staff of certain member entities assist in matters related to the Agency. The Agency has a full-time Executive Director, Deputy Executive Director, Executive Project Manager, Senior Civil Engineer, Finance Administrator and an Office Specialist and has contract staff for certain other functions. The Treasurer of the County serves as the Agency Treasurer and the Auditor of the County serves as the Auditor of the Agency.

The Agency works with the County, cities and local reclamation districts to address flood protection and levee requirements in its area of operation. The Agency coordinates and partners with State and Federal agencies to address FEMA's Flood Insurance Rate Maps, levee standards, and flood protection issues. Agency levees are maintained by the San Joaquin County Flood Control and Water Conservation District.

The Agency's first endeavor was to prevent the possible disaccreditation of levees and to improve local levees to meet Federal Emergency Management Agency ("**FEMA**") standards. The Agency formed an assessment district of more than 74,000 parcels to finance the $70 million project. As a result, the Agency constructed a Flood Protection Restoration Project which consisted of flood wall and levee improvements along 40 miles of existing channel levees, 12 miles of new levees, modifications to 24 bridges and the addition of two major detention basins and pumps. Since that time the Agency has overseen the operation and maintenance of these facilities and resolved any issues associated with FEMA mapping.

The original assessment was approved in 1996. The original assessment was partially used to secure bonds issued in 1996 (the "**1996 Bonds**"), pursuant to the Improvement Bond Act of 1915, Division 10 of the California Streets and Highway Code, to finance the flood control improvements described in the preceding paragraph. The 1996 Bonds were refunded with proceeds of bonds issued in 2002 (the "**2002 Bonds**") pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the California Streets and Highways Code. The 2002 Bonds were ultimately paid off on September 2, 2011, a full three years ahead of the 2014 scheduled final maturity. Collections of the original assessment continues to finance the maintenance of the flood project structures.

In approximately 2010, the Agency partnered with the State of California and the Army Corps of Engineers to investigate and plan a project to bring increased levels of flood protection to the region. That effort led to the authorization of a regional flood improvement project by Congress in 2018. One element of that regional project is the Project, which will be financed in part with proceeds of the 2023 Bonds.

In January 2013, the Board of Directors of the Agency initiated the formation process of the Smith Canal Area Assessment District (the "**SCAAD**"). In July of 2013, property owners in the SCAAD approved its formation, pursuant to the Benefit Assessment Act of 1982, constituting Chapter 6.4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California. The purpose of the SCAAD was to pay for a portion of the costs of the Smith Canal Gate Project as well as costs of its operations and maintenance.

On May 20, 2020, the Agency issued, pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Sections 6584 et seq. of the Government Code of the State of California, as amended), under Article 4 of the Joint Powers Act the 2020 Bonds in the principal amount of $23,433,000, $21,705,000 of which are outstanding. A portion of the proceeds of the 2023A Bonds are being used to purchase outstanding 2020 Bonds tendered by 2020 Bondowners that will be cancelled by the Agency, and the net proceeds of the 2023B Bonds will be used to defease the 2020 Bonds not purchased with proceeds of the 2023A Bonds. See "THE FINANCING PLAN."

RATINGS

S&P Global Ratings ("**S&P**") is expected to assign to the 2023 Bonds its municipal bond rating of "_____" with the understanding that the Insurance Policy insuring the payment when due of the principal of and interest on the 2023 Bonds will be issued concurrently by the Municipal Bond Insurer with the delivery of the 2023 Bonds. The 2023 Bonds have received the underlying rating of "_____" by S&P. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by a rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2023 Bonds.

MISCELLANEOUS

Continuing Disclosure

The Agency has covenanted for the benefit of holders and beneficial owners of the 2023 Bonds to provide certain financial information and operating data relating to the Agency by not later than 9 months following the end of its fiscal year (which currently would be by March 31 each year based upon the June 30 end of its fiscal year), commencing by March 31, 2024 with the report for the 2022-23 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the Agency with Municipal Securities Rulemaking Board, or otherwise as required by law. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "APPENDIX E—FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**").

The Agency has retained Larsen Wurzel & Associates, Inc. to assist it with compliance with its obligations under the Continuing Disclosure Agreement and to serve as the Dissemination Agent thereunder.

The Agency has advised that it has never failed to comply in all material respects with a previous continuing disclosure undertaking for the 2020 Bonds.

Underwriting

The 2023A Bonds were purchased through negotiation by Hilltop Securities Inc. (the "**Underwriter**") at a purchase price of $_____, being the aggregate principal amount thereof ($_____), less an underwriter's discount of $_____, plus (less) net original issue premium (discount) of $_____. The 2023B Bonds were purchased through negotiation by the Underwriter at a purchase price of $_____, being the aggregate principal amount thereof ($_____), less an underwriter's discount of $_____, plus (less) net original issue premium (discount) of $_____. The initial public offering prices set forth on the inside cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the 2023 Bonds to certain dealers and others at a price lower than the public offering prices set forth on the inside cover page hereof.

Municipal Advisor

The Agency has retained Del Rio Advisors, LLC of Modesto, California, as municipal advisor (the "Municipal Advisor") in connection with the offering of the 2023 Bonds. All financial and other information presented in this Official Statement has been provided by the Agency and others from their records. The Municipal Advisor takes no responsibility for the accuracy or completeness of the data provided by the Agency or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor has assisted the Agency with the structure, timing and terms for the sale of the 2023 Bonds. The Municipal Advisor provides municipal advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The fee of the Municipal Advisor is contingent upon the successful closing of the 2023 Bonds.

Additional Information

References are made herein to certain documents and reports that are brief summaries thereof do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or Owners of any of the 2023 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Agency.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By: _____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

The following is a summary of certain provisions of the Fiscal Agent Agreement not otherwise described in the text of this Official Statement. This summary does not purport to be comprehensive or definitive and is subject to all of the complete terms and provisions of the Fiscal Agent Agreement, to which reference is hereby made.

[to come]

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

July __, 2023

San Joaquin Area Flood Control Agency
22 East Weber Avenue, Suite 301
Stockton, California 95202

OPINION: $_____ San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A, and $_____ San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B

Members of the Board of Directors:

We have acted as bond counsel in connection with the issuance by the San Joaquin Area Flood Control Agency (the "Agency") of its $_____ San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A (the "2023A Bonds"), and its $_____ San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B (collectively with the 2023A Bonds, the "Bonds"), under the provisions of Article 4, Chapter 5, Division 7 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"), a Fiscal Agent Agreement, dated as of July 1, 2023 (the "Fiscal Agent Agreement), between the Agency and U.S. Bank Trust Company, National Association, as fiscal agent, and Resolution No. SJAFCA 23-_____ of the Board of Directors of the Agency adopted on June 15, 2023 (the "Resolution").

In connection with this opinion, we have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Fiscal Agent Agreement and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, that:

1. The Agency is duly created and validly existing as a joint powers agency, with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein and issue the Bonds.

2. The Fiscal Agent Agreement has been duly entered into by the Agency and constitutes a valid and binding obligation of the Agency enforceable upon the Agency in accordance with its terms.

3. Pursuant to the Bond Law, the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement for the security of the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding limited obligations of the Agency, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

5. Subject to the Agency's compliance with certain covenants, interest on the 2023A Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended. Failure by the Agency to comply with certain of such covenants could cause interest on the 2023A Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Agency and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX C

CITY OF STOCKTON AND SAN JOAQUIN COUNTY DEMOGRAPHIC INFORMATION

The information in this section of the Official Statement is presented as general background data. The 2023 Bonds are payable solely from the Assessment Revenues and amounts held in certain funds under the Fiscal Agent Agreement, as described in the text of the Official Statement. Neither the City of Stockton nor the County of San Joaquin has any obligation whatsoever with respect to the 2023 Bonds or the Assessment District.

Introduction

The City of Stockton (the "City") is the county seat and largest city in San Joaquin County (the "County"). The City is located in California's San Joaquin Valley, approximately 78 miles east of the San Francisco Bay Area, approximately 345 miles north of Los Angeles and approximately 45 miles south of Sacramento. The land area of the City is 61.7 square miles. The City is located on the San Joaquin River in the northern San Joaquin Valley and is the 13th largest city in California and the 63rd largest city in the United States.

The County is located in the Central Valley of California, just east of the nine-county San Francisco Bay Area region and is separated from the Bay Area by the Diablo Range of low mountains with its Altamont Pass. According to the U.S. Census Bureau, the county has a total area of 1,426 square miles (3,690 km^2), of which 1,391 square miles (3,600 km^2) is land and 35 square miles (91 km^2) (2.5%) is water. While the County is one of the smaller counties in area in California, the County has a high population density and is growing due to overflow from the Bay Area's need for housing.

Population

The table below summarizes population of the City, County and the State of California for the last five years.

STOCKTON, SAN JOAQUIN COUNTY and CALIFORNIA
Population

Year	City of Stockton	San Joaquin County	State of California
2019	319,188	773,505	39,648,938
2020	323,456	779,223	39,538,223
2021	323,101	780,515	39,286,510
2022	321,911	782,811	39,078,674
2023[(1)]	319,731	786,145	38,940,231

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2010-23, with 2010 Census Benchmark.
(1) Latest available data.

Employment

The following table summarizes historical employment and unemployment for the County, the State of California and the United States:

San Joaquin County, CALIFORNIA, and UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate [1]
2018	San Joaquin County	326,400	306,800	19,600	6.0%
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	San Joaquin County	327,100	307,900	19,200	5.9
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	San Joaquin County	331,800	294,500	37,400	11.3
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	San Joaquin County	334,300	305,300	29,000	8.7
	California	18,923,200	17,541,900	1,381,200	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
2022[2]	San Joaquin County	344,400	326,400	18,100	5.2
	California	19,252,000	18,440,900	811,100	4.2
	United States	164,287,000	158,291,000	5,996,000	3.6

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-22, and US Department of Labor.

(1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

(2) Latest available full-year data.

Major Employers

The following table lists the top 10 employers within the City as listed in the City's most recent Annual Comprehensive Financial Report.

CITY OF STOCKTON
Top 10 Employers
as of June 30, 2022

Employer	Employees	% of Total City Employment
Stockton Unified School District	5,265	4.04%
Amazon	4,750	3.65
St. Joseph's Medical Center	3,200	2.46
City of Stockton	2,118	1.63
San Joaquin County Office of Education	1,955	1.50
Pacific Gas and Electric	1,550	1.19
University of the Pacific	1,329	1.02
Lincoln Unified School District	1,125	.86
Kaiser Permanente	1,065	.82
San Joaquin Delta College	813	.62
Total Top 10	23,170	17.78%

Source: City of Stockton FY2021-22 ACFR.

The following table lists the major employers within the County.

SAN JOAQUIN COUNTY
Major Employers

Employer Name	Location	Industry
A Sambado & Sons Inc	Linden	Nuts-Edible
Adventist Health Lodi Memorial	Lodi	Hospitals
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Service
Ashley Lane LP	Stockton	Real Estate
Blue Shield of California	Lodi	Insurance
Dameron Hospital	Stockton	Hospitals
Deuel Vocational Instn Fire	Tracy	Fire Departments
Foster Care Svc	Stockton	Government Offices-County
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health Home Health Agency	Lodi	Home Health Service
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions
Pacific Coast Producers	Lodi	Canning (mfrs)
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Safeway Distribution Ctr	Tracy	Distribution Centers (whls)
San Joaquin County CA Pubc	Stockton	Government Offices-County
San Joaquin County Human Svc	Stockton	Government Offices-County
San Joaquin County Sch	Stockton	School Districts
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Government Offices-County
Sjgov	Stockton	Government Offices-County
St Joseph's Regional Health	Stockton	Hospitals
Stockton Police Dept	Stockton	Police Departments
Stockton Unified School Dist	Stockton	School Districts
Walmart Supercenter	Stockton	Department Stores
Waste Management-Lodi Transfer	Lodi	Consultants-Business NEC

Source: America's Labor Market Information System (ALMIS) Employer Database, 2023 2nd Edition.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

CITY OF STOCKTON
Building Permits and Valuation
(Dollars in Thousands)

	2018	2019	2020	2021	2022[1]
Permit Valuation:					
New Single-family	$ 104,468	$ 99,207	$ 129,515	$ 104,348	$ 156,148
New Multi-family	-	32,174	12,061	27,536	-
Res. Alterations/Additions	61,592	66,557	17,943	78,590	141,666
Total Residential	166,060	197,939	159,520	210,475	297,815
Total Nonresidential	200,503	305,600	85,696	186,243	718,175
Total All Building	366,563	503,540	245,216	396,719	1,015,991
New Dwelling Units:					
Single Family	324	302	481	364	497
Multiple Family	-	262	93	45	-
Total	324	564	574	409	497

SAN JOAQUIN COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	2018	2019	2020	2021	2022[1]
Permit Valuation:					
New Single-family	$ 883,071	$ 843,700	$ 870,859	$ 1,179,358	$ 1,281,631
New Multi-family	99,601	57,271	38,411	69,775	88,457
Res. Alterations/Additions	95,073	98,681	40,144	108,647	182,338
Total Residential	1,077,745	999,653	949,415	1,357,780	1,552,427
Total Nonresidential	1,019,479	926,219	958,358	646,347	1,449,483
Total All Building	2,097,225	1,925,873	1,907,774	2,004,128	3,001,911
New Dwelling Units:					
Single Family	2,765	2,564	2,843	3,665	3,168
Multiple Family	593	461	245	178	338
Total	3,358	3,025	3,088	3,843	3,506

Source: Construction Industry Research Board: "Building Permit Summary," California Cities and Counties Data.
Note: Totals may not add due to independent rounding.
(1) Last available full year data.

Household Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance).

Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the City, the County, the State and the nation for the past five years.

CITY OF STOCKTON, SAN JOAQUIN COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income

	2018	2019	2020	2021	2022
City of Stockton	$ 46,022	$ 47,701	$ 49,625	$ 58,964	$ 58,873
San Joaquin County	55,534	58,141	59,914	68,971	68,912
California	62,637	65,870	67,956	77,058	77,175
United States	52,841	55,303	56,790	64,448	65,326

Source: Nielsen, Inc.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement"), dated as of July 1, 2023, is by and between LARSEN WURZEL & ASSOCIATES, INC., as dissemination agent (the "Dissemination Agent"), and the SAN JOAQUIN AREA FLOOD CONTROL AGENCY, a joint powers agency duly organized and existing under the laws of the State of California (the "Agency").

RECITALS:

WHEREAS, the Agency has issued its San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A and its San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B (collectively, the "Bonds"); and

WHEREAS, the Bonds have been issued pursuant to a Fiscal Agent Agreement, dated as of July 1, 2023, by and between U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), and the Agency (the "Fiscal Agent Agreement"); and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Agency and the Dissemination Agent for the benefit of the owners and beneficial owners of the Bonds and in order to assist the underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions of capitalized terms set forth in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the Recitals above, the following terms shall have the following meanings when used in this Disclosure Agreement:

"*Annual Report*" means any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Assessment District*" means the area within the Agency designated "San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District" formed by the Agency by proceedings conducted pursuant to the Benefit Assessment Act of 1982.

"*Beneficial Owner*" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including persons holding any Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

"*Disclosure Representative*" means the Executive Director of the Agency, or such person's designee, or such other officer or employee as the Agency shall designate as the Disclosure Representative hereunder in writing to the Dissemination Agent from time to time.

"*Dissemination Agent*" means Larsen Wurzel & Associates, Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the Official Statement, dated July __, 2023, relating to the Bonds.

"*Participating Underwriter*" means Hilltop Securities Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The Agency shall, or shall cause the Dissemination Agent to, not later than the March 31, 2024 (for the first Annual Report for fiscal year 2022-2023), and not later than the March 31 occurring after the end of each fiscal year of the Agency, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year*. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b), and subsequent Annual Report filings shall be made no later than six months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent*. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) of this Section 3 for the report for the 2022-23 fiscal year and for fiscal years thereafter (or, if applicable, subsection (b)) for providing the

Annual Report to EMMA, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If by any such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Agency.

(d) *Report of Non-Compliance*. If the Agency is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Agency shall send a notice in a timely manner to EMMA substantially in the form attached hereto as Exhibit A. If the Agency is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent for fiscal year 2022-2023 and following fiscal years by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice in a timely manner to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification*. The Dissemination Agent shall, if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. It is acknowledged that the Closing Date for the Bonds occurred after the end of the 2022-23 fiscal year of the Agency. In light of the foregoing, submission of the Official Statement and audited financial statements of the Agency (as described in subparagraph (a) of the next paragraph) shall satisfy the Agency's obligation to file an Annual Report for fiscal year 2022-23.

The Annual Report for each fiscal year commencing with the Annual Report for the 2023-24 fiscal year, shall contain or incorporate by reference the following:

(a) *Financial Statements*. Audited financial statements of the Agency for the most recently completed fiscal year, prepared in accordance generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information*. The Annual Report for each fiscal year shall also include the following information:

(i) The principal amount of each series of the Bonds and of any Parity Obligations outstanding as of the September 30 next preceding the date of the Annual Report.

(ii) The balance in the Reserve Fund and otherwise available to be drawn on the Reserve Policy, and a statement of the amount of the Reserve Requirement, as of the September 30 next preceding the date of the Annual Report.

(iii) The balance in the Improvement Fund, if any, as of the September 30 next preceding the date of the Annual Report.

(iv) The total assessed value of all parcels within the Assessment District on which the Assessments are levied, as shown on the assessment roll of the County Assessor last equalized prior to the September 30 next preceding the date of the Annual Report and a current table of the Assessed Valuation by Land Use in the form of Table 4 in the Official Statement.

(v) The Assessment aggregate delinquency rate for all parcels within the Assessment District, the aggregate number of parcels within the Assessment District on which the Assessment is levied and which are delinquent in payment of Assessment, and the percentage of the most recent annual Assessment levy that is delinquent, all as of the September 30 next preceding the date of the Annual Report.

(c) *Cross References*. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which are available to the public on EMMA. The Agency shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information*. In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) The Agency shall, or shall cause the Dissemination (if not the Agency) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non–payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the obligated person, or the sale of all or substantially all of the assets of the obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever a Listed Event occurs, the Agency shall, or shall cause the Dissemination Agent (if not the Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Fiscal Agent Agreement.

(c) The Agency acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(vi) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Agency determines the event's occurrence is material for purposes of U.S. federal securities law. The Agency intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018), or any further applicable guidance or releases provided by Securities and Exchange Commission.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent*. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent is Larsen Wurzel & Associates, Inc.

If the Dissemination Agent is not the Agency, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Agency. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Agreement and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Agency.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder as agreed to between the Dissemination Agent and the Agency from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder, with payment to be made from any lawful funds of the Agency. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Agency, the owners of the Bonds, the Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any written direction from the Agency or a written opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Agency. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Ag*ent. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the Agency to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the Agency under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Agency that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

If this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the Agency shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or future notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Agreement, any Bond owner, any Beneficial Owner, the Fiscal Agent or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Agency to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and the owners and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By: _____
Chris Elias,
Executive Director

LARSEN WURZEL & ASSOCIATES, INC., as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	San Joaquin Area Flood Control Agency
Name of Bond Issue:	San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A and San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B
Date of Issuance:	July __, 2023

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of July 1, 2023, between the Obligor and Larsen Wurzel & Associates, Inc., as dissemination agent. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

By: Larsen Wurzel & Associates, Inc., as
Dissemination Agent

APPENDIX E

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix E has been provided by The Depository Trust Company ("DTC"), New York, NY, for use in securities offering documents, and the Agency does not take responsibility for the accuracy or completeness thereof. The Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2023 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2023 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants mill act in the manner described in this Official Statement.

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the 2023 Bonds, payment of principal, interest and other payments on the 2023 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2023 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the 2023 Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the 2023 Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2023 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2023 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2023 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2023 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC

system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). On August 8, 2011, Standard & Poor's downgraded its rating of DTC from AAA to AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

THE FISCAL AGENT, AS LONG AS A BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE 2023 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE. ANY FAILURE OF CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2023 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

12. THE AGENCY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE 2023 BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AGENCY AND THE UNDERWRITER ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE 2023 BONDS OR AN ERROR OR DELAY RELATING THERETO.

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[to come]

$_____
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT
ASSESSMENT REVENUE BONDS, SERIES 2023A

$_____
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT
TAXABLE ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2023B

BOND PURCHASE AGREEMENT

_____, 2023

San Joaquin Area Flood Control Agency
22 East Weber Avenue, Suite 301
Stockton, California 95202

Ladies and Gentlemen:

Hilltop Securities Inc. (the "**Underwriter**") acting not as fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement with the San Joaquin Area Flood Control Agency (the "**Agency**") which, upon acceptance, will be binding upon the Agency and the Underwriter. This offer is made subject to its acceptance by the Agency on the date hereof, and it is subject to withdrawal by the Underwriter upon notice delivered to the Agency at any time prior to the acceptance by the Agency. Capitalized terms that are used in this Bond Purchase Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Fiscal Agent Agreement (as hereinafter defined).

The Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds (as such term is defined below) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Agency and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not and has not been acting as a "municipal advisor" (as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) to the Agency; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Agency with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Agency on other matters); (iv) the Underwriter has financial interests that may differ from and be adverse to those of the Agency; and (v) the Agency has consulted its own legal, financial and other advisors to the extent that it has deemed appropriate for this transaction. The Underwriter has provided to the Agency prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board which have been received by the Agency.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter agrees to purchase from the Agency, and the Agency agrees to sell to the Underwriter, all (but not less than all) of the: (i) San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A (the "**2023A Bonds**") in the aggregate principal amount specified in Exhibit A hereto; and (ii) San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District Taxable Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B (the "**2023B Bonds**," and together with the 2023A Bonds, the "**Bonds**") in the aggregate principal amount specified in Exhibit A hereto. The Bonds shall be dated the Closing Date (as hereinafter defined), bear interest from said date (payable semiannually on April 1 and October 1 in each year, commencing October 1, 2023) at the rates per annum, and mature on the dates and in the amounts set forth in Exhibit A hereto. The purchase prices for the Bonds shall be the amounts specified as such in Exhibit A.

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and be subject to redemption as provided in, the Fiscal Agent Agreement, dated as of July 1, 2023 (the "**Fiscal Agent Agreement**"), between the Agency and U.S. Bank Trust Company, National Association, as fiscal agent (the "**Fiscal Agent**"), approved by Resolution No. SJAFCA 23-___ (the "**Resolution**") adopted by the Board of Directors (the "**Board**") of the Agency on June 15, 2023.

(c) The Bonds are payable from annual special assessments (the "**Assessments**") as described in the Official Statement (defined below) and in the Fiscal Agent Agreement, to be levied upon the property in the San Joaquin Area Flood Control Agency Levee Construction and Maintenance Assessment District (the "**Assessment District**") of the Agency up to the maximum allowable rates and pursuant to the methodology in the Final Engineer's Report dated June 15, 2023 approved by Resolution No. SJAFCA 23-__ adopted by Board on June 15, 2023 for the Assessments. The Assessments are levied in accordance with the provisions of the Benefit Assessment Act of 1982, California Government Code Section 54703 *et seq.* (the "**1982 Act**"). The proceedings pursuant to which the Assessments were authorized to be levied (collectively, the "**Assessment Proceedings**") were initiated by the Agency by the adoption of Resolution No. SJAFCA 23-07 by the Board on March 16, 2023 (the "**Resolution of Intention**"). The proceedings included a public hearing on June 8, 2023, a ballot procedure whereby owners of property in the Assessment District elected to incur an Assessment obligation secured by a lien upon their property for the purpose of financing flood protection capital improvements of benefit to property in the Assessment District, and the adoption of Resolution No. SJAFCA 23-___ by the Board on June 8, 2023 (the "**Resolution Ordering Levy of Assessments**").

(d) The 2023A Bonds are primarily being issued by the Agency to finance various flood control improvements relating to the Lower San Joaquin River Project and to pay the purchase price of the Agency's Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020 (the "**2020 Bonds**") tendered for purchase by the Agency. The 2023B Bonds are primarily being issued by the Agency to advance refund the 2020 Bonds that are not purchased by the Agency with proceeds of the 2023A Bonds. The Bonds are also being issued to provide funds to pay premiums for a bond insurance policy and a debt service reserve surety for the Bonds, and pay the costs of issuing the Bonds.

(e) Subsequent to its receipt of a certificate from the Agency deeming the Preliminary Official Statement for the Bonds, dated _____, 2023 (which Preliminary Official Statement, together with the cover page and all appendices thereto, is herein collectively referred to as the "**Preliminary Official Statement**" and which, as revised on the date hereof and executed by the Agency, will be referred to herein as the "**Official Statement**"), final for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("**Rule 15c2-12**"), the Underwriter distributed copies of the Preliminary Official Statement to potential purchasers of Bonds. The Agency hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter to use and distribute the Official Statement, the Fiscal Agent Agreement, the Continuing Disclosure Agreement, dated as of July 1, 2023 (the "**Continuing Disclosure Agreement**"), executed by the Agency and Larsen, Wurzel & Associates, Inc., as dissemination agent, this Bond Purchase Agreement, and all information contained therein, and all other documents, certificates and statements in each case as furnished by the Agency to the Underwriter in connection with the transactions contemplated by this Bond Purchase Agreement, in connection with the offer and sale of the Bonds by the Underwriter.

(f) At 8:00 A.M., Pacific Standard Time, on _____, 2023 or at such earlier time or date as shall be agreed upon by the Underwriter and the Agency (such time and date being herein referred to as the "**Closing Date**"), the Agency will deliver (i) to The Depository Trust Company in New York, New York, the Bonds in definitive form (all Bonds being in book-entry form registered in the name of Cede & Co., and having the CUSIP numbers assigned to them printed thereon), duly executed by the officers of the Agency as provided in the Fiscal Agent Agreement, and (ii) to the Underwriter, at the offices of Quint & Thimmig LLP, Larkspur, California ("**Bond Counsel**"), the other documents herein mentioned; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in same day funds (such delivery and payment being herein referred to as the "**Closing**"). The Bonds, as so registered, shall be made available to the Underwriter for inspection not later than the second to last business day before the Closing Date.

2. Public Offering.

(a) The Underwriter agrees to assist the Agency in establishing the issue price of the 2023A Bonds and shall execute and deliver to the Agency at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Agency and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2023A Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, the Agency will treat the first price at which 10% of each maturity of the 2023A Bonds (the "**10% test**"), identified under the column "10% Test Satisfied" in Exhibit A, is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Agency the price or prices at which it has sold to the public each maturity of 2023A Bonds. If at that time the 10% test has not been satisfied as to any maturity of the 2023A Bonds, the Underwriter agrees to promptly report to the Agency the prices at which it sells the unsold 2023A Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2023A Bonds of that maturity or until all 2023A Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the 2023A Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. Exhibit A also sets forth, identified under the column "Subject to Hold the Offering Price Rule," as of the date of this Bond Purchase Agreement, the maturities, if any, of the 2023A Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Bond Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Agency and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Agency to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2023A Bonds, the Underwriter will neither offer nor sell unsold 2023A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the 2023A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Agency when it has sold 10% of that maturity of the 2023A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that:

(1) Any selling group agreement and any third-party distribution agreement relating to the initial sale of the 2023A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) to report the prices at which it sells to the public the unsold 2023A Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all 2023A Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the 2023A Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of 2023A Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2023A Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(2) Any selling group agreement relating to the initial sale of the 2023A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2023A Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold 2023A Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all 2023A Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the 2023A Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Agency acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (1) in the event a selling group has been created in connection with the initial sale of the 2023A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the 2023A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2023A Bonds, as set forth in a selling group agreement and the related pricing wires, and (2) in the event that a third-party distribution agreement was employed in connection with the initial sale of the 2023A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the 2023A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2023A Bonds, as set forth in the third-party distribution agreement and the related pricing wires.

(f) The Underwriter acknowledges that sales of any 2023A Bonds to any person that is a related party to an underwriter participating in the initial sale of the 2023A Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) "public" means any person other than an underwriter or a related party;

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with the Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2023A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2023A Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2023A Bonds to the public);

(3) a purchaser of any of the 2023A Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(4) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

3. Representations, Warranties and Agreements of the Agency. The Agency represents, warrants and covenants to and agrees with the Underwriter that:

(a) The Agency is a joint powers agency duly organized and validly existing under the laws of the State of California and has, and at the Closing Date will have, full legal right, power and authority (i) to adopt the Assessment Proceedings and the Resolution, (ii) to execute, deliver and perform its obligations under this Bond Purchase Agreement, the Fiscal Agent Agreement, the Escrow Agreement, dated as of July 1, 2023 (the "**Escrow Agreement**"), between the Agency and U.S. Bank Trust Company, National Association, as fiscal agent for the 2020 Bonds and the escrow bank thereunder (the "**Escrow Bank**") and the Continuing Disclosure Agreement (collectively, the "**Agency Documents**") and to carry out all transactions on its part contemplated by each of the Agency Documents, (ii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution and Fiscal Agent Agreement as provided herein, and (iii) to carry out, give effect to and consummate the transactions on its part contemplated by the Official Statement and the Agency Documents;

(b) The Agency has complied, and at the Closing Date will be in compliance, in all material respects, with the Agency Documents; and an immaterial compliance therewith by the Agency, if any, will not impair the ability of the Agency to carry out, give effect to or consummate the transactions on its part contemplated by the foregoing, and from and after the date of issuance of the Bonds, the Agency will continue to comply with the covenants of the Agency contained in the Agency Documents;

(c) The Board has duly and validly: (i) authorized and approved the execution and delivery of the Agency Documents, (ii) authorized the preparation and delivery of the Preliminary Official Statement and the Official Statement, and (iii) authorized and approved the performance by the Agency of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions on its part contemplated by, each of the Agency Documents (including, without limitation, the collection of the Assessments); and the Assessment District has been validly formed, the Assessments have been validly confirmed and, when levied, constitute liens on the respective parcels within the Assessment District, and (assuming due authorization, execution and delivery by other parties thereto, where necessary) the Agency Documents and the Bonds will constitute the valid, legal and binding obligations of the Agency enforceable against the Agency in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles;

(d) The Agency is not in breach of or default under any applicable law or administrative rule or regulation of the United States or the State of California, or of any department, division, agency or instrumentality of either of them, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, fiscal agent agreement, contract, agreement or other instrument to which the Agency is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the performance by the Agency of its obligations under the Agency Documents or the Bonds; and compliance by the Agency with the provisions of each thereof will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the United States or the State of California, or of any department,

division, agency or instrumentality of either of them, or under any applicable court or administrative decree or order, or a material breach of or default under any loan agreement, note, resolution, fiscal agent agreement, contract, agreement or other instrument to which the Agency is a party or is otherwise subject or bound;

(e) Except for compliance with the blue sky or other states securities law filings, as to which the Agency makes no representations, all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Agency of its obligations hereunder, or under the other Agency Documents or the Bonds, have been obtained and are in full force and effect;

(f) Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the Agency becomes aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the Agency shall forthwith notify the Underwriter of such event and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary so that the statements therein, as so supplemented, will not be misleading in light of the circumstances existing at such time; and the Agency shall promptly furnish to the Underwriter a reasonable number of copies of such supplement (as used herein, the term "end of the underwriting period" means the later of such time as (i) the Agency delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public);

(g) The Fiscal Agent Agreement creates a valid pledge of the Assessment Revenues and the moneys in the Bond Fund and the Reserve Fund, including the investments thereof, subject in all cases to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein; and said pledge constitutes a first lien on and security interest in all of the foregoing;

(h) Except as disclosed in the Preliminary Official Statement and the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body (collectively and individually, an "**Action**") with respect to which the Agency has been served with process is pending or, to the knowledge of the Agency, is threatened against the Agency (i) which would materially adversely affect the ability of the Agency to perform its obligations under the Agency Documents or the Bonds, or (ii) seeking to restrain or to enjoin: (A) the issuance, sale or delivery of the Bonds, (B) the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or (C) the collection or application of the Assessments, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Agency Documents, or any action contemplated by any of said documents, or (iii) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers or authority of the Agency with respect to the Bonds, the Agency Documents, or any action of the Agency contemplated by any of said documents; nor is there any action with respect to which the Agency has been served with process pending or, to the knowledge of the Agency, threatened against the Agency which alleges that interest on the Bonds is not excludable from gross income for federal income tax purposes or is not exempt from California personal income taxation;

(i) The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "Blue Sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, the Agency shall not be required to register as a dealer or a broker of securities or to consent to service of process in connection with any blue sky filing;

(j) Any certificate delivered to the Underwriter and signed by any official of the Agency authorized to do so shall be deemed a representation and warranty to the Underwriter as to the statements made therein;

(k) The Agency will apply the proceeds of the Bonds in accordance with the Fiscal Agent Agreement, the Escrow Agreement and as described in the Official Statement;

(l) The statements and information in the Official Statement (except the information relating to The Depository Trust Company and its book-entry only-system, and any information regarding the municipal bond insurer as to which no view need be expressed) is, as of the date thereof, and will be, as of the Closing Date, true and correct in all material respects; and the Official Statement (except the information relating to The Depository Trust Company and its book-entry-only system, and any information regarding the municipal bond insurer as to which no view need be expressed), does not, as of the date thereof, and will not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(m) The Assessment Proceedings were conducted in full compliance with the 1982 Act, and the Resolution of Intention and the Resolution Ordering Levy of Assessments were duly adopted by the Board of the Agency at meetings duly called and held, and such resolutions have not been amended, supplemented or repealed and remain in full force and effect; and the Assessments may lawfully be levied in accordance with the 1982 Act, and, when levied, will be secured by a lien on the property on which they are levied;

(n) Except as described in the Preliminary Official Statement and the Official Statement, the Agency has not failed to comply, in any material respects, with any continuing disclosure undertaking previously entered into by it pursuant to the provisions of Rule 15c2-12 for each of the past five (5) years; and

(o) The Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the Agency as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12; and the Agency hereby covenants and agrees that, within seven (7) business days from the date hereof, or (upon reasonable written notice from the Underwriter) within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Agency shall cause the Official Statement to be delivered to the Underwriter in a quantity and/or in an electronic format as mutually agreed upon by the Underwriter and the Agency so that the Underwriter may comply with paragraph (b)(4) of Rule 15c2-12 and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

4. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the

Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Agency contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Agency made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Agency of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Agency Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Bond Counsel for the Agency, and Kutak Rock LLP, counsel to the Underwriter, shall be necessary and appropriate.

(b) The information contained in the Official Statement will, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant to Section 3(f) hereof, be true and correct in all material respects and will not, as of the Closing Date or as of the date of any supplement or amendment thereto pursuant to Section 3(f) hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the inside cover page of the Official Statement, of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Agency terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest that would be received by the owners of the 2023A Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

(2) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Fiscal Agent Agreement is not exempt from qualification under or other requirements of the

Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect;

(3) any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Agency, its property, income, securities (or interest thereon), or the validity or enforceability of the Assessments;

(4) any event occurring, or information becoming known, which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or results in the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) there shall have occurred (a) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (b) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis;

(6) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or other national securities exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission (the "**SEC**") or any other governmental authority having jurisdiction that, in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds;

(7) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(8) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred;

(9) there shall have been any material adverse change in the affairs of the Agency that in the Underwriter's reasonable judgment will materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(10) there shall be established any new restriction on transactions in securities materially affecting the free market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(11) any rating of the Bonds or other obligations of the Agency shall have been downgraded, suspended or withdrawn or placed on negative outlook or negative watch by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(12) any proceeding shall have been commenced or be threatened in writing by the SEC against the Agency; or

(13) the commencement of any Action of the character described in Section 3(h); or

(14) a stop order, release, regulation, or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made to the effect that the issuance, offering, or sale of the Bonds, including all the underlying obligations as contemplated hereby or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as amended, the Exchange Act, and the Trust Indenture Act of 1939, as amended.

(d) On the Closing Date, the Underwriter shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) The Agency Documents, each duly executed by the parties thereto;

(2) The Official Statement, duly executed by the Agency;

(3) The approving opinion for the Bonds, dated the Closing Date and addressed to the Agency, of Quint & Thimmig LLP, Bond Counsel for the Agency, in the form attached to the Official Statement as an appendix, and a reliance letter dated the Closing Date and addressed to the Underwriter, to the effect that such approving opinion addressed to the Agency may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(4) A supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Quint & Thimmig LLP, Bond Counsel for the Agency, to the effect that (i) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Agency, and, assuming such agreement constitutes the valid and binding obligation of the Underwriter, constitutes the legally valid and binding agreement of the Agency enforceable against the Agency in accordance with its terms, except as enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (iii) the Agency has obtained all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which constitute a condition precedent to the issuance of the Bonds or the performance by the Agency of its obligations thereunder or under the Fiscal Agent Agreement, except that no opinion need be expressed regarding compliance with blue sky or other securities laws or regulations; and (iv) the statements contained in the Official Statement under the captions

"INTRODUCTION," "THE 2023 BONDS," "SECURITY FOR THE 2023 BONDS," and "LEGAL MATTERS – Tax Matters" and in Appendices A and B thereto (except that no opinion or belief need be expressed as to any financial or statistical data, any forecasts, any assumptions or any expressions of opinion or any information related to the municipal bond insurer, or DTC or its book-entry system contained in the Official Statement), are accurate insofar as such statements expressly summarize certain provisions of the Bonds, the Fiscal Agent Agreement and the opinion of such firm concerning the exclusion from gross income for federal income tax purposes and the exemption from State of California personal income taxes of interest on the Bonds;

(5) A letter, dated the Closing Date and addressed to the Agency and to the Underwriter, of Quint & Thimmig LLP, Disclosure Counsel for the Agency, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the Agency, the Underwriter, Del Rio Advisors, LLC, and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement, as of its date and as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial or statistical data, any forecasts, any assumptions or any expressions of opinion contained in the Official Statement);

(6) A certificate, dated the Closing Date and signed by an authorized representative of the Agency, ratifying the use and distribution by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds and certifying that (i) the representations and warranties of the Agency contained in Section 3 hereof are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the matters contained therein which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement not misleading in any material respect, and the Bonds and the Agency Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the Agency has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Agency Documents at or prior to the Closing Date;

(7) An opinion, dated the Closing Date and addressed to the Underwriter, of Downey Brand LLP, General Counsel to the Agency, to the effect that (i) to the best of his or her knowledge and except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body which has been served on the Agency is pending or is known to be threatened which would materially adversely affect the ability of the Agency to perform its obligations under the Agency Documents or the Bonds, or seeking to restrain or to enjoin the issuance of the Bonds, or the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection of the Assessments, or in any way contesting or affecting the validity or enforceability of the Agency Documents or the Bonds or the accuracy of the Official Statement, or any action of the Agency contemplated by any of said documents; (ii) the Agency is duly organized and validly existing as a joint powers agency under the Constitution and laws of the State of California, with full legal right,

power and authority to perform all of its obligations under the Agency Documents; (iii) the Agency has obtained all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which constitute a condition precedent to the confirmation and collection of the Assessments; and (iv) the Agency Proceedings were conducted in full compliance with the 1982 Act, and the Resolution of Intention and the Resolution Ordering Levy of Assessments are in full force and effect and have not been amended, supplemented or repealed;

(8) A certificate dated the Closing Date of Larsen, Wurzel & Associates, Inc. (the "**Assessment Engineer**") to the effect that: (i) the information contained in the Official Statement provided by it for inclusion therein does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(9) A certificate of the Agency dated the Closing Date, in a form acceptable to Bond Counsel, to the effect that the 2023A Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

(10) A certificate, dated the Closing Date, signed by a duly authorized officer of the Fiscal Agent and Escrow Bank, to the effect that (i) the Fiscal Agent and Escrow Bank is a national banking association, duly organized and validly existing and in good standing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Fiscal Agent Agreement and the Escrow Agreement and, (ii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter that would constitute a condition precedent to the performance by the Fiscal Agent and Escrow Bank of its duties and obligations under the Fiscal Agent Agreement and Escrow Agreement, respectively, have been obtained and are in full force and effect, and (iii) the acceptance of the duties and obligations of the Fiscal Agent and Escrow Bank under the Fiscal Agent Agreement and Escrow Agreement and the consummation of the transactions on the part of the Fiscal Agent and Escrow Bank contemplated therein, and the compliance by the Fiscal Agent and Escrow Bank with the terms, conditions and provisions thereof do not contravene any provisions of applicable law of regulation or any order or decree, writ or injunction of the Articles of Incorporation or Bylaws of the Fiscal Agent and Escrow Bank, and, to the best of such officer's knowledge, will not require the consent under, or result in a beach of or default under, any resolution, agreement or other instrument to which the Fiscal Agent and Escrow Bank is a party or by which it may be bound;

(11) An opinion of counsel to the Fiscal Agent and Escrow Bank, dated the Closing Date, addressed to the Underwriter and the Agency, to the effect that (i) the Fiscal Agent and Escrow Bank is duly organized and validly existing under the laws of the United States, having full power and being qualified to enter into, accept and agree to the provisions of the Fiscal Agent Agreement and Escrow Agreement and (ii) the Fiscal Agent Agreement and Escrow Agreement have been duly authorized, executed and delivered by the Fiscal Agent and Escrow Bank and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute the valid and binding obligations of the Fiscal Agent and Escrow Bank enforceable in accordance with its respective terms, subject to laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases;

(12) An opinion of counsel to the Underwriter, addressed to the Underwriter and in form and substance acceptable to the Underwriter;

(13) A copy of the Final Engineer's Report, as described in Section 1(c);

(14) A certified copy of the Resolution, the Resolution of Intention, the Resolution Ordering Levy of Assessments and Resolution No. 23-__ of the County of San Joaquin with respect to the Bonds;

(15) A copy of the Invitation to Tender relating to the tender of the 2020 Bonds;

(16) Evidence as of the Closing satisfactory to the Underwriter that the Bonds have received the ratings set forth in the Official Statement and that such ratings have not been reduced or withdrawn;

(17) Evidence of the municipal bond insurance policy and the reserve surety policy issued by _____; and

(18) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Preliminary Official Statement and the Official Statement, of the Agency's representations and warranties contained herein, and the due performance or satisfaction by the Agency at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Agency in connection with the transactions contemplated hereby and by the Official Statement.

If the Agency shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Agency shall be under any further obligation hereunder, except that the respective obligations of the Agency and the Underwriter set forth in Section 6 hereof shall continue in full force and effect.

5. Conditions of the Agency's Obligations. The Agency's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of the Agency executing the certificate referred to in Section 4(d)(6) hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Agency Documents or the existence or powers of the Agency; and

(b) As of the Closing Date, the Agency shall receive the approving opinion of Bond Counsel and the letter of Disclosure Counsel referred to in Section 4(d)(3) and (5) hereof, dated as of the Closing Date.

6. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein:

(a) The Underwriter shall be under no obligation to pay, and the Agency shall pay or cause to be paid (out of any legally available funds of the Agency) all expenses incident to the performance of the Agency's obligations hereunder, including, but not limited to, the cost of printing and delivering the Bonds to the Underwriter, the cost of preparation, printing, distribution and delivery of the Fiscal Agent Agreement, the Preliminary Official Statement, the Official Statement and all other agreements and documents contemplated hereby (and drafts of any thereof) in such reasonable quantities as requested by the Underwriter; premium for the municipal bond insurance policy and reserve surety policy; charges of the rating agency for the rating of the Bonds; and the fees and disbursements of Del Rio Advisors, LLC, as municipal advisor, the Assessment Engineer, the Fiscal Agent, Bond Counsel and Disclosure Counsel, the municipal bond insurer and any accountants, engineers or any other experts or consultants the Agency has retained in connection with the Bonds; and

(b) The Agency shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Bond Purchase Agreement; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel and any advertising expenses.

7. Notices. Any notice or other communication to be given to the Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the Agency's Executive Director, 22 East Weber Avenue, Suite 301, Stockton, California 95202, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Hilltop Securities Inc., 2533 S. Coast Highway 101, Suite 250, Cardiff by the Sea, California 92007, Attention: Mike Cavanaugh.

8. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the Agency and the Underwriter (including their successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

9. Survival of Representations, Warranties and Agreements. The representations, warranties and agreements of the Agency set forth in or made pursuant to this Bond Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Agency and regardless of delivery of and payment for the Bonds.

10. Effective. This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Agency and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Bond Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the Agency.

12. Governing Law. This Bond Purchase Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in California.

13. Counterparts. This Bond Purchase Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Very truly yours,

HILLTOP SECURITIES INC.

By: _____
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By: _____
Authorized Representative

Time of Execution: _____ p.m.
California time

[BPA SIGNATURE PAGE - SAN JOAQUIN AREA FLOOD CONTROL AGENCY LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT ASSESSMENT REVENUE BONDS, SERIES 2023A AND TAXABLE ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2023B]

EXHIBIT A

MATURITY SCHEDULES

$_____
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT
ASSESSMENT REVENUE BONDS,
SERIES 2023A

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The-Offering-Price Rule
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
20__ (T)							
20__ (T)							
20__ (T)							

_____

(T) Term Bond.

(C) Priced to optional call at [par] on October 1, 20__.

* At the time of execution of this Bond Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Bond Purchase Agreement.

$_____
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT
TAXABLE ASSESSMENT REVENUE REFUNDING BONDS,
SERIES 2023B

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
20__ [(T)]				
20__ [(T)]				
20__ [(T)]				

[(T)] Term Bond.

1. **Purchase Price**.

    a. The purchase price of the 2023A Bonds shall be $_____, which is the principal amount thereof less Underwriter's Discount of $_____ and plus a net Original Issue Premium of $_____.

    b. The purchase price of the 2023B Bonds shall be $_____, which is the principal amount thereof less Underwriter's Discount of $_____.

2. **Redemption Provisions**.

Optional Redemption. The 2023A Bonds maturing on or after October 1, ____ are subject to optional redemption prior to their stated maturities, on any date on or after October 1, ____, in whole or in part, at a redemption price equal to the principal amount of the 2023A Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

The 2023B Bonds maturing on or after October 1, ____ are subject to optional redemption prior to their stated maturities, on any date on or after October 1, ____, in whole or in part, at a redemption price equal to the principal amount of the 2023 Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Payment Redemption. The 2023A Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part by lot on October 1, ____, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

The 2023B Bonds maturing on October 1, ____ are subject to mandatory sinking payment redemption in part by lot on October 1, ____, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

Redemption Date (October 1)	Sinking Payments

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

$_____
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT
ASSESSMENT REVENUE BONDS,
SERIES 2023A

The undersigned, on behalf of Hilltop Securities Inc. ("Hilltop") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Issuer* means the San Joaquin Area Flood Control Agency.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Hilltop's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Quint & Thimmig LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

HILLTOP SECURITIES INC.

By:_____

Name:_____

Dated: [Closing Date]

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

(*Attached*)

INVITATION TO TENDER BONDS

made by the

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

to the Bondowners described herein of all or any portion of the maturities listed on page (i) herein of the

San Joaquin Area Flood Control Agency
Smith Canal Area Assessment District
Assessment Revenue Bonds, Series 2020

THIS INVITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME ON JULY 10, 2023 UNLESS EARLIER TERMINATED OR EXTENDED

The San Joaquin Area Flood Control Agency (the "**Agency**") invites the beneficial owners (the "**Bondowners**") of the bonds listed and maturing on the dates set forth in the table on page (i) (the "**Target Bonds**") to offer to sell their Target Bonds to the Agency for payment in cash at the applicable tender offer purchase prices designated in the Notice of Purchase Prices in the form attached hereto as Appendix A (as it may be amended or supplemented) (the "**Notice of Purchase Prices"**), plus accrued interest on the Target Bonds tendered for purchase to but not including the Settlement Date as described herein, all on the terms and conditions as set forth in more detail below (the "**Tender Invitation**"). The Notice of Purchase Prices is expected to be issued and dated June 26, 2023.

The purchase of any Target Bonds pursuant to the Tender Invitation is contingent on the issuance of the Agency's Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A (the "**2023A Bonds**") and is also subject to the terms of this Invitation to Tender Bonds (this **"Invitation"**) and certain other conditions as described herein. The 2023A Bonds will be issued in the manner, on the terms and with the security therefor to be described in the Preliminary Official Statement expected to be disseminated and dated on or about June 26, 2023 (as may be amended and supplemented) (the **"2023 Bonds POS"**).

This Invitation is part of a plan by the Agency to refund the Agency's outstanding indebtedness, as will be described in the 2023 Bonds POS. The Agency intends to purchase up to all of the Target Bonds pursuant to this Invitation, though depending upon the results of this Invitation and other factors the Agency in its sole discretion may purchase a lesser principal amount of Target Bonds. Bondowners of Target Bonds who do not accept this Invitation and Bondowners of Target Bonds whose offers are rejected by the Agency will continue to hold their interest in such Target Bonds. **It is anticipated that, subject to market conditions, all of the Target Bonds not purchased pursuant to this Invitation will be refunded and defeased to the earlier of their stated maturity or their first optional redemption date of October 1, 2030, from proceeds of the Agency's Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B (the "2023B Bonds") anticipated to be issued by the Agency on or about the Settlement Date, as will be described under the caption "FINANCING PLAN" in the 2023 Bonds POS.**

To make an informed decision as to whether, and how, to offer Target Bonds for purchase pursuant to the Tender Invitation, Bondowners must read this Invitation carefully, including the 2023 Bonds POS, and the Notice of Purchase Prices and consult their broker,

account executive, financial advisor, attorney or other professionals. **This Invitation, the 2023 Bonds POS and the Notice of Purchase Prices, collectively, shall constitute an invitation to Bondowners to offer to tender their Target Bonds for purchase.**

The terms of the Notice of Purchase Prices will be available as described in the table below.

Key Dates and Times

All of these dates and times are subject to change. All times are New York City time. Notices of changes will be sent in the manner provided for in this Invitation.

Launch Date	June 16, 2023
Notice of Purchase Prices and 2023 Bonds POS Posting	June 26, 2023 by 2:00 p.m.
Expiration Date	July 10, 2023 at 5:00 p.m.
Notice of Results/Acceptance Date	July 12, 2023 by 5:00 p.m.
Settlement Date	July 26, 2023

The Information Agent and Tender Agent for this Invitation is

D.F. King & Co., Inc.
48 Wall Street
New York, NY 10005
Banks and Brokers Call: (212) 269-5550
All Others Call: (800) 814-2879
Email: SJAFCA@dfking.com

The Dealer Manager for this Invitation is

HILLTOP SECURITIES, INC.
Contact your Hilltop Securities, Inc. representative or
Bill Isenberg, (214) 859-9421, bill.isenberg@hilltopsecurities.com
Bill Evans, (561) 253-9585, william.evans@hilltopsecurities.com

Any Bondowner wishing to offer Target Bonds for purchase pursuant to this Invitation should follow the procedures more fully described herein. Bondowners and their brokers and account executives with questions about this Invitation should contact the Dealer Manager or the Information Agent.

The date of this Invitation to Tender is June 16, 2023.

Tender Invitation – Offer to Sell Target Bonds for Cash

TARGET BONDS SUBJECT TO INVITATION TO TENDER FOR CASH

San Joaquin Area Flood Control Agency
Smith Canal Area Assessment District
Assessment Revenue Bonds, Series 2020[(1)]

Maturity Date (October 1)	Interest Rate	Par Amount Outstanding	CUSIP (Base No. 79806S)
2023	4.000%	$ 435,000	AD0
2024	5.000	455,000	AE8
2025	5.000	475,000	AF5
2026	5.000	500,000	AG3
2027	5.000	525,000	AH1
2028	5.000	550,000	AJ7
2029	5.000	580,000	AK4
2030	5.000	605,000	AL2
2031	4.000	635,000	AM0
2032	3.000	660,000	AN8
2033	3.000	680,000	AP3
2034	3.000	700,000	AQ1
2035	3.000	725,000	AR9
2040	3.250	3,975,000	AS7
2045	3.375	4,680,000	AT5
2050	3.375	5,525,000	AU2

[(1)] First optional redemption date for Target Bonds maturing on or after October 1, 2031 is October 1, 2030.

IMPORTANT INFORMATION

This Invitation and other information with respect to the Tender Invitation are available from the Dealer Manager and the Information Agent at SJAFCA@dfking.com. Bondowners wishing to offer their Target Bonds for purchase pursuant to the Tender Invitation should follow the procedures more fully described herein. The Agency reserves the right to cancel or modify the Tender Invitation at any time on or prior to the Acceptance Date and reserve the right to make a future invitation to tender bonds at prices different than the offer purchase prices described herein in its sole discretion. The Agency will have no obligation to purchase Target Bonds offered pursuant to the Invitation. The Agency further reserves the right to waive any irregularities or defects in any offer received.

The Agency also reserves the right in the future to refund any remaining portion of outstanding Target Bonds through the issuance of bonds. Each of the Target Bonds is subject to (i) payment at maturity (for Target Bonds maturing on or before October 1, 2030); or (ii) redemption in whole or in part (for Target Bonds maturing on or after October 1, 2031), at the option of the Agency on any date on or after their October 1, 2030 optional redemption date, at a redemption price equal to 100% of the principal amount of the Target Bonds, or portions thereof, to be redeemed plus accrued but unpaid interest to the date fixed for redemption. ***It is anticipated that, depending on market conditions, any Bondowners not electing to tender their Target Bonds for purchase will have all of their Target Bonds paid at maturity or refunded and defeased to the first optional call date, as applicable, from proceeds of the Agency's Levee Construction and Maintenance Assessment District Taxable Assessment Revenue Refunding Bonds, Series 2023B (the "2023B Bonds") which are expected to be issued by the Agency on or about the Settlement Date. Further details concerning the Agency's debt refunding plan and the possible defeasance of Target Bonds that are not purchased pursuant to this Invitation will be contained in the 2023 Bonds POS.***

This Invitation is not being made to, and Target Bonds offered for purchase in response to this Invitation will not be accepted from or on behalf of, Bondowners in any jurisdiction in which the Invitation, the making of offers to sell Target Bonds or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Invitation to be made through a licensed or registered broker or dealer, the Invitation is being made on behalf of the Agency by the Dealer Manager.

The Agency is not recommending to any Bondowner whether to offer its Target Bonds for purchase in connection with the Invitation. Each Bondowner must make these decisions and should read this Invitation and the 2023 Bonds POS in their entirety and consult with its broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

No dealer, salesperson or other person has been authorized to give any information or to make any representation with respect to the Agency's invitation to tender bonds not contained in this Invitation and, if given or made, such information or representation may not be relied upon as having been authorized by the Agency.

The delivery of this Invitation shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the Agency since the date hereof.

This Invitation contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Invitation and other materials referred to or incorporated herein, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

TABLE OF CONTENTS

		Page
1.	Introduction	1
2.	Information to Bondowners	3
3.	Expiration Date; Offers Only Through Financial Institutions; Brokerage Commissions	3
4.	Minimum Denominations and Consideration for Offers; Changes to the Terms of the Invitation	4
5.	Provisions Applicable to all Offers	5
6.	Transmission of Offers by Financial Institutions; DTC ATOP Procedures	6
7.	Determinations as to Form and Validity of Offers; Right of Waiver and Rejection	6
8.	Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date	6
9.	Acceptance of Offers for Purchase	7
10.	Acceptance of Offers Constitutes Irrevocable Agreement	8
11.	Settlement Date; Purchase of Target Bonds	8
12.	Source of Funds	8
13.	Conditions to Purchase	9
14.	Extension, Termination and Amendment of Invitation	10
15.	Certain Federal Income Tax Consequences	10
16.	Additional Considerations	11
17.	The Dealer Manager	12
18.	Information Agent and Tender Agent	13
19.	Miscellaneous	13

APPENDIX A – FORM OF NOTICE OF PURCHASE PRICES

INVITATION TO TENDER BONDS
made by the
SAN JOAQUIN AREA FLOOD CONTROL AGENCY

1. Introduction

The San Joaquin Area Flood Control Agency (the "**Agency**") invites the beneficial owners (the "**Bondowners**") of the bonds listed and maturing on the dates set forth in the table below (the "**Target Bonds**") to offer to sell their Target Bonds to the Agency for payment in cash at the applicable tender offer purchase prices designated in the Notice of Purchase Prices in the form attached hereto as Appendix A (the "**Notice of Purchase Prices"**), which is expected to be dated July 12, 2023 (as it may be amended or supplemented) as described herein, plus accrued interest on the Target Bonds tendered for purchase to but not including the Settlement Date as described herein, all on the terms and conditions as set forth in more detail below (the "**Tender Invitation**").

San Joaquin Area Flood Control Agency
Smith Canal Area Assessment District
Assessment Revenue Bonds, Series 2020 [(1)]

Maturity Date (October 1)	Interest Rate	Par Amount Outstanding	CUSIP (Base No. 79806S)
2023	4.000%	$ 435,000	AD0
2024	5.000	455,000	AE8
2025	5.000	475,000	AF5
2026	5.000	500,000	AG3
2027	5.000	525,000	AH1
2028	5.000	550,000	AJ7
2029	5.000	580,000	AK4
2030	5.000	605,000	AL2
2031	4.000	635,000	AM0
2032	3.000	660,000	AN8
2033	3.000	680,000	AP3
2034	3.000	700,000	AQ1
2035	3.000	725,000	AR9
2040	3.250	3,975,000	AS7
2045	3.375	4,680,000	AT5
2050	3.375	5,525,000	AU2

(1) First optional redemption date for Target Bonds maturing on or after October 1, 2031 is October 1, 2030.

The purchase of any Target Bonds pursuant to the Tender Invitation is contingent on the issuance of the Agency's Levee Construction and Maintenance Assessment District Assessment Revenue Bonds, Series 2023A (the "**2023A Bonds**") and is also subject to the terms of this Invitation to Tender Bonds (the **"Invitation"**) and certain other conditions as described herein. The 2023A Bonds will be issued in the manner, on the terms and with the security therefor to be described in the Preliminary Official Statement expected to be dated and disseminated June 26, 2023 (as may be amended and supplemented) (the **"2023 Bonds POS"**).

The Target Bonds were issued by the Agency pursuant to a Fiscal Agent Agreement, dated as of May 1, 2020, by and between the Agency and U.S. Bank Trust Company, National Association, as successor fiscal agent, relating to such Target Bonds.

This Invitation is part of a plan by the Agency to refinance some or all of the outstanding Target Bonds, as will be described in the 2023 Bonds POS. For additional information concerning the Agency, its plan of refunding and their outstanding indebtedness, see the 2023 Bonds POS.

Pursuant to the Tender Invitation, each Bondowner may offer to tender to the Agency for purchase any or all Target Bonds, in a denomination of $5,000 principal amount (the "Minimum Authorized Denomination") or any integral multiple of $5,000 in excess thereof, with respect to which the Bondowner has a beneficial ownership interest. The offer purchase price for each CUSIP of the Target Bonds at which such Target Bonds may be tendered by a Bondowner for purchase pursuant to the Tender Invitation (the "Offer Purchase Price") will be set forth in the Notice of Purchase Prices.

See below for more information on the consideration for which and how a Bondowner can offer to tender his, her or its Target Bonds for purchase.

The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to the Tender Invitation is anticipated to be proceeds of the Agency's 2023A Bonds to be issued on the Settlement Date (defined below). The payment of accrued interest on Target Bonds validly tendered for purchase is expected to be made from funds held by the Agency for such purpose. The purchase of any of the Target Bonds tendered for purchase pursuant to the Tender Invitation is contingent on the issuance of the 2023A Bonds. The Agency's obligations to accept for purchase and to pay for Target Bonds validly tendered (and not withdrawn) pursuant to this Invitation are also subject to the satisfaction or waiver of certain conditions. See Section 13, "Conditions to Purchase," for additional information regarding certain of such conditions.

Subject to the terms of this Invitation and the satisfaction of all conditions to the Agency's obligation to purchase tendered Target Bonds as described herein, and provided that (i) the Target Bonds offered by a Bondholder for purchase have been validly tendered by 5:00 p.m., New York City time, on July 10, 2023 (as extended from time to time in accordance with this Invitation, the "Expiration Date"), and (ii) accepted by the Agency on or before 5:00 p.m., New York City time, on July 12, 2023 (as extended from time to time in accordance with this Invitation, the "Acceptance Date"), the Agency will purchase such Target Bonds tendered for purchase on July 26, 2023 or such later date as the Agency shall determine (such date, the "Settlement Date"). Accrued interest on the Target Bonds purchased will also be paid on the Settlement Date.

All times in this Invitation are local time in New York City.

No assurances can be given that the 2023A Bonds will be issued or that any Target Bonds offered for purchase by a Bondowner will be purchased. See Section 9, "Acceptance of Offers for Purchase," for more information on the selection of tendered Target Bonds to be purchased, if any. The Agency reserves the right to amend or waive the terms of this Invitation as to any or all of the Target Bonds in any respect and at any time prior to the Expiration Date or from time to time, in its sole discretion. The Agency also has the right to terminate this Invitation at any time up to and including the Acceptance Date. See Section 14, "Extension, Termination and Amendment of Invitation; Changes to Terms," below.

The Agency is under no obligation to accept any of the Target Bonds that are tendered for purchase pursuant to the Tender Invitation, and will accept Target Bonds as described in Section 9, "Acceptance of Offers for Purchase." Any Target Bonds tendered by Bondowners pursuant to this Invitation but not accepted by the Agency will be returned to the Bondowners and will continue to be payable and secured under the terms of the Fiscal Agent Agreement until maturity or prior redemption. If all conditions to this Invitation are not satisfied or waived by the Agency on or prior to the Settlement Date, any Target Bonds tendered by Bondowners pursuant to this

Invitation will be returned to the Bondowners and will continue to be payable and secured under the terms of the Fiscal Agent Agreement until maturity or prior redemption.

It is anticipated that, subject to market conditions, all of the Target Bonds not tendered for purchase pursuant to this Invitation will be refunded and defeased to the earlier of their stated maturity or their first optional call date of October 1, 2030 from proceeds of the 2023B Bonds, which are expected to be issued by the Agency in its sole discretion on or about the Settlement Date. Further details concerning the Agency's debt refunding plan and the possible defeasance of Target Bonds that are not purchased pursuant to this Invitation will be contained in the 2023 Bonds POS. See also Section 16, "Additional Considerations," below.

To make an informed decision as to whether, and how, to offer Target Bonds for purchase pursuant to the Tender Invitation, a Bondowner must read this Invitation carefully, including the 2023 Bonds POS.

None of the Agency, the Dealer Manager (as defined below) or the Information Agent and Tender Agent (as defined below) make any recommendation that any Bondowner offer and tender or refrain from offering and tendering all or any portion of such Bondowner's Target Bonds for purchase. Bondowners must make these decisions and should consult with their broker, account executive, financial advisor, attorney and/or other appropriate professionals.

The Dealer Manager for this Invitation is Hilltop Securities, Inc. (the "Dealer Manager"). D.F. King & Co., Inc. is serving as information agent and tender agent (the "Information Agent" or the "Tender Agent") in connection with this Invitation. Bondowners with questions about the substance of this Invitation should contact the Dealer Manager. Bondowners with questions about the mechanics of this Invitation should contact the Information Agent at the email address and telephone number set forth on the inside cover page of this Invitation.

2. Information to Bondowners

General. The Agency will provide additional information about this Invitation, if any, to the market and Bondowners, including, without limitation, the 2023 Bonds POS and any supplement thereto, by delivery of such information in the following ways: (i) to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at http://emma.msrb.org (the "EMMA Website"), using the CUSIP numbers for the Target Bonds listed in the table on the cover page of this Invitation; and (ii) to DTC (defined below) and to the DTC participants holding the Target Bonds. Delivery by the Agency of information in this manner will be deemed to constitute delivery of the information to each Bondowner. The Agency, the Dealer Manager, and the Information Agent and Tender Agent have no obligation to ensure that a Bondowner actually receives any information provided by the Agency in this manner. A Bondowner who would like to receive information furnished by or on behalf of the Agency as described above must make appropriate arrangements with its broker, account executive or other financial advisor or representative. The final Official Statement with respect to the 2023 Bonds will be posted to the EMMA Website.

3. Expiration Date; Offers Only Through Financial Institutions; Brokerage Commissions

This Invitation to offer to sell Target Bonds will expire at 5:00 p.m., New York City time, on July 10, 2023, the Expiration Date, unless earlier terminated or extended as described in this Invitation. Offers to sell Target Bonds received after 5:00 p.m., New York City time, on the Expiration Date (as it may be extended) will not be considered. See Section 14 for a discussion of the ability of the Agency to extend the Expiration Date and to terminate or amend this Invitation.

All of the Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company of New York ("DTC"). The Information Agent and Tender Agent and DTC have confirmed that the Tender Invitation is eligible for submission of tenders for purchase through DTC's Automated Tender Offer Program (known as the "ATOP" system). ***Bondowners of Target Bonds who want to accept this Invitation to sell Target Bonds must do so through a DTC participant in accordance with the relevant DTC procedures for the ATOP system. The Agency will not accept any tenders of Target Bonds for purchase that are not made through the ATOP system.*** Bondowners who are not DTC participants can only offer Target Bonds for purchase pursuant to this Invitation by making arrangements with and instructing the bank or brokerage firm through which they hold their Target Bonds (sometimes referred to herein as a "custodial intermediary") to tender the Bondowner's Target Bonds on their behalf through the ATOP system. To ensure a Bondowner's Target Bonds are tendered through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date, Bondowners must provide instructions to the bank or brokerage firm through which their Target Bonds are held in sufficient time for such custodial intermediary to tender the Target Bonds in accordance with DTC procedures through the ATOP system by this deadline. Bondowners should contact their bank or brokerage firm through which they hold their Target Bonds for information on when such custodial intermediary needs the Bondowner's instructions in order to tender the Bondowner's Target Bonds through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date. See also Section 6 below.

The Agency, the Dealer Manager, and the Information Agent and Tender Agent are not responsible for making or transmitting any offer to sell Target Bonds or for the transfer of any tendered Target Bonds through the ATOP system or for any mistakes, errors or omissions in the making or transmission of any offer or transfer.

Bondowners will not be obligated to pay any brokerage commissions or solicitation fees to the Agency, the Dealer Manager or the Information Agent and Tender Agent in connection with this Invitation. However, Bondowners should check with their broker, account executive or other financial institution which maintains the account in which their Target Bonds are held to determine if it will charge any commission or fees.

4. Minimum Denominations and Consideration for Offers; Changes to the Terms of the Invitation

Authorized Denominations for Offers. A Bondowner may make an offer to sell all or a portion of Target Bonds of a particular CUSIP that it owns in an amount of its choosing, but only in principal amounts equal to $5,000 and integral multiples in excess thereof.

Tender Consideration. Target Bonds may only be offered by a Bondowner for purchase by the Agency pursuant to the Tender Invitation at the Offer Purchase Price for each CUSIP set forth in the Notice of Purchase Prices. In addition to the Offer Purchase Price of the Target Bonds accepted for purchase by the Agency, accrued interest on such Target Bonds will be paid by, or on behalf of, the Agency to the tendering Bondowners on the Settlement Date. The Offer Purchase Prices (and the accrued interest) will constitute the sole consideration payable by the Agency for Target Bonds purchased by the Agency pursuant to the Tender Invitation.

Changes to Terms of the Invitation. As described in Section 14 hereof, the Agency may revise the terms of this Invitation prior to the Acceptance Date. If the Agency determines to revise the terms of the Tender Invitation, it shall provide notice thereof in the manner described in Section 2 of this Invitation no later than 11:00 a.m., New York City time, on the Business Day prior to the Acceptance Date. If subsequent to the publication of the Notice of Purchase Prices the

Agency changes the Offer Purchase Price for any of the Target Bonds pursuant to the Tender Invitation, the Agency shall provide notice thereof (as described in Section 2) no less than five (5) business days prior to the Acceptance Date, as extended. **In such event, any offers submitted with respect to the affected Target Bonds prior to such change in the Offer Purchase Price for such Target Bonds pursuant to the Tender Invitation will remain in full force and effect and any Bondowner of such affected Target Bonds wishing to revoke their offer to tender such Target Bonds must affirmatively withdraw such offer prior to the Acceptance Date as described in Section 8 hereof. Notwithstanding the foregoing, any change to the Offer Purchase Price shall be on terms not less favorable to Bondowners that submitted offers to tender their Target Bonds prior to such change in the Offer Purchase Price.**

5. Provisions Applicable to all Offers

A Bondowner should ask its financial advisor, investment manager, broker or account executive for advice in determining whether to offer Target Bonds for purchase and the principal amount of Target Bonds to be offered. A Bondowner should also inquire as to whether its financial institution will charge a fee for submitting offers. The Agency, the Dealer Manager, and the Information Agent and Tender Agent will not charge fees to any Bondowner making an offer or completing the purchase of Target Bonds.

An offer to sell Target Bonds cannot exceed the par amount of Target Bonds owned by the Bondowner. Target Bonds may be tendered and accepted for payment only in principal amounts equal to $5,000 and integral multiples in excess thereof.

"All or none" offers are not permitted. No alternative, conditional or contingent tenders will be accepted. All tenders shall survive the death or incapacity of the tendering Bondowner.

By making an offer pursuant to this Invitation, each Bondowner will be deemed to have represented and warranted to and agreed with the Agency and the Dealer Manager that:

(a) the Bondowner has received, and has had the opportunity to review, this Invitation (including the 2023 Bonds POS) prior to making the decision as to whether or not it should offer to tender its Target Bonds for purchase;

(b) the Bondowner has full authority to tender, sell, assign and transfer such Target Bonds, and that, on the Settlement Date, the Agency, as transferee, will acquire good title, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondowner of the applicable Offer Purchase Price, plus payment of the accrued interest;

(c) the Bondowner has made its own independent decision to make the offer, the appropriateness of the terms thereof, and whether the offer is appropriate for the Bondowner;

(d) such decisions are based upon the Bondowner's own judgment and upon advice from such advisors as the Bondowner has consulted;

(e) the Bondowner is not relying on any communication from the Agency or the Dealer Manager as investment advice or as a recommendation to make the offer, it being understood that the information from the Agency or the Dealer Manager related to the terms and conditions of this Invitation shall not be considered investment advice or a recommendation to make an offer; and

(f) the Bondowner is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand and accept, the terms and conditions of the Invitation.

6. Transmission of Offers by Financial Institutions; DTC ATOP Procedures

Offers to sell Target Bonds pursuant to this Invitation may only be made to the Agency through DTC's ATOP system. Bondowners that are not DTC participants must make their offers through their custodial intermediary. A DTC participant must tender the Target Bonds offered by the Bondowner pursuant to the Tender Invitation on behalf of the Bondowner for whom it is acting, by book-entry through the ATOP system. In so doing, such custodial intermediary and the Bondowner on whose behalf the custodial intermediary is acting agree to be bound by DTC's rules for the ATOP system. In accordance with ATOP procedures, DTC will then verify receipt of the tender offer and send an Agent's Message (as described below) to the Information Agent and Tender Agent.

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of the book-entry confirmation which states that DTC has received an express acknowledgement from the DTC participant tendering Target Bonds for purchase that are the subject of such book-entry confirmation, stating: (i) the par amount of the Target Bonds that have been tendered by such DTC participant on behalf of the Bondowner pursuant to the applicable Tender Invitation, and (ii) that the Bondowner agrees to be bound by the terms of this Invitation, including the representations, warranties, agreements and affirmations deemed made by it as set forth in Section 5 above.

Agent's Messages must be transmitted to and received by the Information Agent and Tender Agent by not later than 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed as provided in this Invitation). Target Bonds will not be deemed to have been tendered for cash purchase pursuant to the Tender Invitation until an Agent's Message with respect thereto is received by the Information Agent and Tender Agent.

Each DTC participant is advised to submit each beneficial owner's instruction individually into DTC's ATOP system to ensure proper settlement.

7. Determinations as to Form and Validity of Offers; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt of Agent's Messages by the Information Agent and Tender Agent), eligibility, and acceptance of any offers to sell Target Bonds will be determined by the Agency in its sole discretion and will be final, conclusive and binding.

The Agency reserves the right to waive any irregularities or defects in any offer. The Agency, the Dealer Manager, and the Information Agent and Tender Agent are not obligated to give notice of any defects or irregularities in offers, and they will have no liability for failing to give such notice.

8. Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date

A Bondowner may withdraw its offer of Target Bonds tendered for purchase pursuant to this Invitation by causing a withdrawal notice to be transmitted via DTC's ATOP system to, and received by, the Information Agent and Tender Agent at or before 5:00 p.m., New York City time,

on the Expiration Date (as the date and time may have been changed as provided in this Invitation).

Bondowners who are not DTC participants can only withdraw their offers by making arrangements with and instructing the custodial intermediary through which they hold their Target Bonds to submit the Bondowner's notice of withdrawal through the DTC ATOP system.

All offers to sell Target Bonds will become irrevocable as of 5:00 p.m., New York City Time, on the Expiration Date (as such date may have been changed from time to time as provided in this Invitation).

9. Acceptance of Offers for Purchase

On or before 5:00 p.m., New York City Time, on the Acceptance Date (*i.e.*, July 12, 2023, unless extended), upon the terms and subject to the conditions of the Tender Invitation, the Agency will announce its acceptance for purchase of Target Bonds, if any, offered and validly tendered by Bondowners pursuant to this Invitation by giving notice in the manner described in Section 2, with acceptance subject to the satisfaction or waiver by the Agency of the conditions to the purchase of tendered Target Bonds. See Section 10, "Acceptance of Offers Constitutes Irrevocable Agreement; Notice of Results" and Section 13, "Conditions to Purchase."

The Agency intends to purchase up to all of Target Bonds pursuant to this Invitation, though depending upon the results of this Invitation and other factors the Agency in its sole discretion may purchase a lesser principal amount of Target Bonds. The Agency shall be under no obligation to accept any Target Bonds tendered for purchase pursuant to this Invitation. Among Target Bonds tendered for purchase, the Agency in its sole discretion will select which, if any, Target Bonds to purchase of a particular CUSIP based on its determination of the economic benefit from such purchase.

Offers to sell Target Bonds pursuant to this Invitation that are accepted by the Agency, in its sole discretion, will be accepted on a CUSIP by CUSIP basis determined by the sequence (earliest to latest) that such Target Bonds are submitted into DTC's ATOP system. Any offer to sell the Target Bonds for cash will be accepted or rejected in whole, and will not be subject to partial acceptance or rejection. All such determinations and allocations by the Agency shall be final and binding.

The acceptance notification will state: (i) the principal amount of the Target Bonds of each CUSIP number that the Agency has accepted for purchase in accordance with the Tender Invitation, which may be zero for a particular CUSIP number, or (ii) that the Agency has decided not to purchase any Target Bonds.

Shortly following the giving of notice of its acceptance of offers, the Agency will instruct DTC to release from the controls of the ATOP system all Target Bonds that were offered but were not accepted for purchase. The release of such Target Bonds will take place in accordance with DTC's ATOP procedures. The Agency, the Dealer Manager, and the Information Agent and Tender Agent are not responsible or liable for the operation of the ATOP system by DTC to properly credit such released Target Bonds to the applicable account of the DTC participant or custodial intermediary or by such DTC participant or custodial intermediary for the account of the Bondowner.

Notwithstanding any other provision of this Invitation, the obligation of the Agency to accept for purchase, and to pay for, Target Bonds offered and validly tendered (and not validly withdrawn) by Bondowners pursuant to the Tender Invitation is subject to the satisfaction or

waiver of the conditions set forth under Section 13, "Conditions to Purchase" below. The Agency reserves the right to amend or waive any of the terms of or conditions to this Invitation, in whole or in part, at any time prior to the Acceptance Date in its sole discretion. This Invitation may be withdrawn by the Agency at any time prior to the Acceptance Date.

10. Acceptance of Offers Constitutes Irrevocable Agreement

Acceptance by the Agency of offers to sell Target Bonds tendered by Bondowners will constitute an irrevocable agreement between the offering Bondowner and the Agency to sell and purchase such Target Bonds, subject to the conditions and terms of this Invitation, including the Conditions to Purchase set forth in Section 13.

11. Settlement Date; Purchase of Target Bonds

Subject to satisfaction of all conditions to the Agency's obligation to purchase tendered Target Bonds, as described herein, the Settlement Date is the day on which Target Bonds accepted for purchase will be purchased and paid for at the applicable Offer Purchase Price, and the accrued interest on the Target Bonds to be purchased will also be paid. Such purchase and payment are expected to occur by 3:00 p.m., New York City time, on the Settlement Date. The Settlement Date has initially been set as July 26, 2023, unless extended by the Agency, assuming all conditions to the applicable Tender Invitation have been satisfied or waived by the Agency.

The Agency may, in its sole discretion, change the Settlement Date by giving notice thereof in the manner described in Section 2 of this Invitation prior to the change. However, the Settlement Date may not be later than August 1, 2023. If the Agency does not complete the purchase of the Target Bonds by 3:00 p.m., New York City time, on August 1, 2023, the right and obligation of the Agency to purchase any Target Bonds will automatically terminate, without any liability to any Bondowner, and the Agency will instruct DTC to release from the controls of the ATOP system all Target Bonds.

Subject to satisfaction of all conditions to the Agency's obligation to purchase Target Bonds tendered for purchase pursuant to the Tender Invitation, as described herein, payment by the Agency will be made through DTC on the Settlement Date. The Agency expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Offer Purchase Prices to be paid for the Target Bonds tendered for purchase (plus accrued interest) to DTC participants holding the Target Bonds accepted for purchase on behalf of Bondowners for subsequent disbursement to the Bondowners. **The Agency, the Dealer Manager and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Offer Purchase Prices paid and accrued interest by DTC to DTC participants or by DTC participants to Bondowners.**

Promptly following such deliveries and payments, the Agency will instruct the Trustee for the Target Bonds purchased to cause such Target Bonds to be cancelled and retired.

12. Source of Funds

The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to the Tender Invitation and accepted by the Agency is anticipated to be proceeds received by the Agency from the sale of its 2023A Bonds, expected to be issued on the Settlement Date. The payment of accrued interest on Target Bonds validly tendered for purchase is expected to be made from funds held by the Agency for such purpose. The Agency's ability to settle the cash purchase of Target Bonds tendered for purchase is contingent upon the successful delivery of its 2023A Bonds and the other conditions set forth herein.

13. Conditions to Purchase

The consummation of the purchase of the Target Bonds pursuant to the Tender Invitation is conditioned upon the Agency obtaining satisfactory and sufficient economic benefit therefrom when taken together with the proposed issuance of the 2023A Bonds, all on the terms and conditions that are in the Agency's best interests as determined in its sole discretion. Payment on the Settlement Date is conditioned upon the issuance of the 2023A Bonds. Furthermore, the Agency will not be required to purchase any Target Bonds, and will incur no liability as a result, if, before payment for Target Bonds on the Settlement Date:

a. The Agency does not, for any reason, have sufficient funds on the Settlement Date from the proceeds of the 2023A Bonds to pay the Offer Purchase Prices of tendered Target Bonds accepted for purchase pursuant to the Tender Invitation and pay all fees and expenses associated with the 2023A Bonds and this Invitation, including the accrued interest on all Target Bonds accepted for purchase;

b. Litigation or another proceeding is pending or threatened which the Agency believes may, directly or indirectly, have an adverse impact on this Invitation or the expected benefits of this Invitation to the Agency or the Bondowners;

c. A war, public health or other national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the Agency believes this fact makes it inadvisable to proceed with the purchase of Target Bonds;

d. A material change in the business or affairs of the Agency has occurred which the Agency believes makes it inadvisable to proceed with the purchase of Target Bonds;

e. A material change in the net benefits of the transaction contemplated by this Invitation and the 2023 Bonds POS has occurred due to a material change in market conditions which the Agency reasonably believes makes it inadvisable to proceed with the purchase of Target Bonds; or

f. There shall have occurred a material disruption in securities settlement, payment or clearance services.

These conditions are for the sole benefit of the Agency. They may be asserted by the Agency prior to the time of payment for the Target Bonds on the Settlement Date. The conditions may be waived by the Agency in whole or in part at any time and from time to time in its sole discretion and may be exercised independently for each maturity date and CUSIP number of the Target Bonds. The failure by the Agency at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the Agency which may be asserted at any time and from time to time. Any determination by the Agency concerning the events described in this Section 13 will be final and binding upon all parties. If, prior to the time of payment for any Target Bonds any of the events described happens, the Agency will have the absolute right to cancel its obligations to purchase Target Bonds without any liability to any Bondowner or any other person.

14. Extension, Termination and Amendment of Invitation

Through and including the Acceptance Date, the Agency has the right to extend this Invitation, to any date in their sole discretion. Notice of an extension of the Expiration Date will be given in the manner described in Section 2 of this Invitation, on or about 11:00 a.m., New York City time, on the first business day after the then current Expiration Date.

The Agency also has the right, prior to the Acceptance Date to terminate this Invitation at any time by giving notice of such termination in the manner described in Section 2 of this Invitation.

The Agency also has the right, prior to the Acceptance Date, to amend or waive the terms of this Invitation in any respect and at any time by giving notice of the amendment or waiver in the manner described in Section 2 of this Invitation. The amendment or waiver will be effective at the time specified in such notice.

If the Agency amends the terms of this Invitation, including a waiver of any term, in any material respect, notice of such amendment or waiver will be given no later than five (5) Business Days prior to the Expiration Date, as extended to provide reasonable time for dissemination of such amendment or waiver to Bondowners and for Bondowners to respond. **If the Agency changes the Offer Purchase Price for any of the Target Bonds pursuant to the Tender Invitation, any offers submitted with respect to the affected Target Bonds prior to such change in the Offer Purchase Price for such Target Bonds pursuant to the Tender Invitation will remain in full force and effect, and any Bondowner of such affected Target Bonds wishing to revoke its offer to tender such Target Bonds must affirmatively withdraw such offer prior to the Expiration Date as described in Section 8 hereof. Notwithstanding the foregoing, any change to the Offer Purchase Price shall be on terms not less favorable to Bondowners that submitted offers to tender their Target Bonds prior to such change in the Offer Purchase Price.**

No extension, termination or amendment of this Invitation (or waiver of any terms of this Invitation) will: (i) change the Agency's right to decline to purchase any Target Bonds without liability; or (ii) give rise to any liability of the Agency, the Dealer Manager, or the Information Agent and Tender Agent to any Bondowner or nominee.

15. Certain Federal Income Tax Consequences

The following is a general summary of certain U.S. federal income tax consequences for tendering Bondowners. The discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations promulgated thereunder, and relevant rulings and decisions now in effect, all of which are subject to change or differing interpretations. No assurances can be given that future changes in U.S. federal income tax laws will not alter the conclusions reached herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in its Target Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws (including individuals who are neither citizens nor residents of the United States; foreign corporations, trusts and estates, in each case, as defined for U.S. federal income tax purposes; insurance companies; tax-exempt organizations; financial institutions; broker-dealers; partnerships and other entities classified as partnerships for U.S. federal income tax purposes; and persons who have hedged the risk of owning Target Bonds). Tendering Bondowners should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS"), and no assurance can be given that

the IRS will not take contrary positions, with respect to any of the U.S. federal income tax consequences discussed below.

This U.S. federal income tax discussion is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of tendering its Target Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

A Bondowner who tenders Target Bonds pursuant to the Tender Invitation will generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized by the Bondowner and the Bondowner's adjusted tax basis in its tendered Target Bonds. In general, the amount realized by a Bondowner who tenders Target Bonds pursuant to the Tender Invitation will be the amount of money received by the Bondowner, exclusive of any amount paid for accrued interest.

Any gain or loss arising in connection with a taxable sale or exchange pursuant to the Tender Invitation may be capital gain or loss (either long-term or short-term, depending on the Bondowner's holding period for the tendered Target Bonds) or may be ordinary income or loss, depending on the particular circumstances of the tendering Bondowner. Non-corporate holders may be eligible for reduced rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to various limitations.

Under section 3406 of the Code, a tendering Bondowner who is a "United States person," as defined in section 7701(a)(30) of Code, may, under certain circumstances, be subject to U.S. federal backup withholding. Backup withholding applies if such tendering Bondowner: (i) fails to furnish such Bondowner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes an incorrect TIN; (iii) fails to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such Bondowner is not subject to backup withholding. Bondowners should consult their own tax advisors regarding whether backup withholding applies to them and, if backup withholding applies, regarding qualification for an exemption from backup withholding and the procedures for obtaining such exemption. Backup withholding is not an additional tax. Any amounts deducted and withheld should generally be allowed as a credit against the Bondowner's U.S. federal income tax liability.

16. Additional Considerations

In deciding whether to participate in the Tender Invitation, each Bondowner should consider carefully, in addition to the other information contained in this Invitation, the following:

Market for Target Bonds. The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondowners may be able to effect a sale of the Target Bonds at a price higher than the Offer Purchase Price established pursuant to the Tender Invitation.

Target Bonds Not Tendered for Purchase. Bondowners of Target Bonds who do not accept this Invitation will continue to hold their interest in such Target Bonds. If Target Bonds are purchased pursuant to this Invitation, the principal amount of Target Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Target Bonds of that CUSIP that remain outstanding.

The terms of the Target Bonds that remain outstanding will continue to be governed by the terms of the Fiscal Agent Agreement. Each of the Target Bonds is subject to (i) payment at its respective maturity (for Target Bonds maturing on or before October 1, 2030); or (ii) redemption in whole or in part, at the option of the Agency on any date on or after the first optional redemption date of October 1, 2030, at a redemption price equal to 100% of the principal amount of the Target Bonds, or portions thereof, to be redeemed plus accrued but unpaid interest to the date fixed for redemption (for Target Bonds maturing on or after October 1, 2031). It is anticipated that, depending on market conditions, any Bondowners not electing to tender their Target Bonds for purchase will have all of their Target Bonds paid at their respective maturity or refunded and defeased to the first optional call date, as applicable, from proceeds of the 2023B Bonds, which are expected to be issued by the Agency on or about the Settlement Date. Further details concerning the Agency's debt refunding plan and the possible defeasance of Target Bonds that are not purchased pursuant to this Invitation will be contained in the 2023 Bonds POS.

To the extent Target Bonds are not purchased pursuant to this Invitation (or otherwise refunded or defeased as described above) the Agency reserves the right to, and may in the future decide to, acquire some or all of the Target Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to this Invitation, which could be cash or other consideration. Any future acquisition of Target Bonds may be on the same terms or on terms that are more or less favorable to Bondowners than the terms of the Tender Invitation described in this Invitation. The Agency also reserves the right in the future to refund, or cause the refunding of (on an advance or current basis), any remaining portion of outstanding Target Bonds through the issuance of publicly offered or privately placed bonds. The decision to undertake any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Agency may ultimately choose to pursue in the future.

17. The Dealer Manager

References in this Invitation to the Dealer Manager is to Hilltop Securities, Inc. only in its capacity as the Dealer Manager.

The Dealer Manager may contact Bondowners regarding this Invitation and may request brokers, dealers, custodian banks, depositories trust companies and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

The Agency will pay to the Dealer Manager customary fees for its services in connection with this Invitation. In addition, the Agency will pay the Dealer Manager its reasonable out-of-pocket costs and expenses relating to this Invitation.

The Dealer Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Dealer Manager and its affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the Agency for which they received and or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

Such investment and securities activities of the Dealer Manager and/or its affiliates may involve securities and instruments of the Agency, including but not limited to Target Bonds which may be tendered for purchase pursuant to the Invitation.

In addition to its role as Dealer Manager in connection with this Invitation, the Dealer Manager is currently expected to act as an underwriter of the 2023A Bonds and the 2023B Bonds anticipated to be issued by the Agency as will be described in the 2023 Bonds POS and, as such, they will receive compensation in connection with that transaction as well as for acting as Dealer Manager in connection with this Invitation.

18. Information Agent and Tender Agent

The Agency has retained D.F. King & Co., Inc. to serve as Information Agent and Tender Agent in connection with this Invitation. The Agency has agreed to pay the Information Agent and Tender Agent customary fees for its services and to reimburse the Information Agent and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Invitation.

19. Miscellaneous

The Tender Invitation is not being made to, and offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this Invitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require the Tender Invitation to be made through a licensed or registered broker or dealer, the Tender Invitation is being made on behalf of the Agency by the Dealer Manager.

No one has been authorized by the Agency, the Dealer Manager or the Information Agent and Tender Agent to recommend to any Bondowners whether to offer Target Bonds for purchase pursuant to this Invitation. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendation, information and representations given or made cannot be relied upon as having been authorized by the Agency, the Dealer Manager or the Information Agent and Tender Agent.

None of the Agency, the Dealer Manager or the Information Agent and Tender Agent makes any recommendation that any Bondowner offer and tender or refrain from offering and tendering all or any portion of such Bondowner's Target Bonds for purchase. Bondowners must make these decisions and should consult with their broker, account executive, financial advisor, attorney and/or other appropriate professionals.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By: /s/ Chris Elias
Chris Elias, General Manager

APPENDIX A

FORM OF
NOTICE OF PURCHASE PRICES
and
NOTICE OF POSTING PRELIMINARY OFFICIAL STATEMENT

relating to the

INVITATION TO TENDER BONDS

made by the

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

Pursuant to the Invitation to Tender, dated June 16, 2023 (as it may be amended or supplemented, the "Invitation") made by the San Joaquin Area Flood Control Agency (the "Agency"), the Preliminary Official Statement dated June 26, 2023, relating to the Agency's bonds (the "2023 Bonds POS"), and this Notice of Purchase Prices, the Agency invites the beneficial owners (the "Bondowners") of the outstanding bonds listed and maturing on the dates set forth in the tables herein (the "Target Bonds") to offer to sell their Target Bonds to the Agency for payment in cash at the applicable tender offer purchase prices designated on page 2 hereof (the "Tender Invitation"), plus accrued interest on the Target Bonds tendered for purchase to but not including the Settlement Date (defined below), all on the terms and conditions as set forth in more detail herein.

The ability of Bondowners to accept the invitation of the Agency, and the invitation expires at 5:00 p.m., New York City time, on July 10, 2023.

Any questions can be directed to the Information Agent and Tender Agent, D.F. King & Co., Inc. at

Banks and Brokers Call: (212) 269-5550
All Others Call: (800) 814-2879
Email: SJAFCA@dfking.com

Dated: _____, 2023

Tender Invitation – Offer to Sell Target Bonds for Cash

TARGET BONDS SUBJECT TO INVITATION TO TENDER FOR CASH

San Joaquin Area Flood Control Agency
Smith Canal Area Assessment District
Assessment Revenue Bonds, Series 2020

Maturity Date (October 1)	Interest Rate	Par Amount Outstanding	CUSIP	Offer Purchase Price as a Percentage of Par*
2023	4.000%	$ 435,000	79806S AD0	
2024	5.000	455,000	79806S AE8	
2025	5.000	475,000	79806S AF5	
2026	5.000	500,000	79806S AG3	
2027	5.000	525,000	79806S AH1	
2028	5.000	550,000	79806S AJ7	
2029	5.000	580,000	79806S AK4	
2030	5.000	605,000	79806S AL2	
2031	4.000	635,000	79806S AM0	
2032	3.000	660,000	79806S AN8	
2033	3.000	680,000	79806S AP3	
2034	3.000	700,000	79806S AQ1	
2035	3.000	725,000	79806S AR9	
2040	3.250	3,975,000	79806S AS7	
2045	3.375	4,680,000	79806S AT5	
2050	3.375	5,525,000	79806S AU2	

* Plus accrued interest.

Agenda Item 4.4

June 15, 2023

TO: San Joaquin Area Flood Control Agency Board

FROM: Chris Elias, Executive Director

SUBJECT: **AMENDMENT No. 5 TO THE FUNDING AGREEMENT BETWEENTHE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY FOR THE SMITH CANAL GATE PROJECT FUNDED UNDER THE URBAN FLOOD RISK REDUCTION PROGRAM**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) adopt a resolution authorizing the Executive Director to execute Amendment No. 5 to the Funding Agreement between the State of California Department of Water Resources (DWR) and the SJAFCA for the Smith Canal Gate Project funded under the Urban Flood Risk Reduction Program (UFFR).

DISCUSSION

Background

In 2009, SJAFCA partnered with the US Army Corps of Engineers (Corps) and the California Central Valley Flood Protection Board (CVFPB) to study and evaluate ways to improve the region's level of flood protection. The partnership resulted in the Congressionally-authorized Lower San Joaquin River Feasibility Study, Phase I.

The Study proposed the Lower San Joaquin River Project that offers an estimated 84 percent reduction in expected annual property damage, while reducing flood risk for 262 critical infrastructure sites, 12 of which are considered essential to life safety. (See Exhibit A for Project Overview). One of the key structures included as part of Lower San Joaquin River Project is the Smith Canal Gate (SCG) Project, which in conjunction with upgrades to the Wisconsin storm water pump station will allow the Federal Emergency Management Agency (FEMA) to remap the Smith Canal area to remove the "high risk" flood zone designation, eliminating currently mandated flood insurance requirements and FEMA-related building restrictions for approximately 5,000 properties.

DWR and SJAFCA proceeded with the design and construction of the Smith Canal Gate Project ahead of the USACE, through DWR's UFRR Program, which is intended to expedite projects that are congressionally approved through USACE feasibility studies. As a result, on February 25, 2015, the SJAFCA Board authorized submittal of an Urban Flood Risk Reduction (UFRR) concept proposal application to seek State funding for construction of the Smith Canal Gate (SCG). The application was approved and on October 24, 2017, the Funding Agreement between the State of California Department of Water Resources and the San Joaquin Area Flood Control Agency for the Smith Canal Gate funded under the Urban Flood Risk Reduction program was executed,

securing $22,309,66 of State funds towards the SCG Project, which will ultimately be creditable towards the Lower San Joaquin River Project Phase 1.

The UFRR Agreement required an engineering review by an Independent Panel of Experts (IPE) to gather information on the adequacy, appropriateness, and acceptability of the design and construction activities to assure public health, safety, and welfare. The recommendations by the IPE resulted in increases to the project cost bringing the total State contribution for the project through the combined Early Implementation Program (EIP) and UFRR grants to $38,284,258 (EIP: $2,412,500 + UFRR: $35,871,758). Amendment No. 1 was executed on October 4, 2019, securing $13,562,092 of State's cost share towards the SCG Project.

Previously, the exclusive funding source for the State's share of SCG construction costs was Proposition 1E (Flood System Repair Project of the California Disaster Preparedness and Flood Prevention Bond Act of 2006). In 2021, the State of California utilized funding from Proposition 68, the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018, to augment its cost share for the SCG Project. On July 22, 2021, the Board approved Amendment No. 2 to the UFRR Agreement, enabling the SCG Project to receive State funding for multi-benefit improvements under Proposition 68.

On September 23, 2021, Governor Gavin Newsom signed legislation that included AB 170 (Nancy Skinner) - Budget Act of 2021, which directed $2 million for the SCG project. On February 17, 2022, the Board authorized the Executive Director to execute Amendment No. 3 to the UFRR Agreement for the processing and release of the additional funding provided by the State Budget Act of 2021, Ch. 240.

On June 29, 2022, Governor Gavin Newsom signed the State Budget Act of 2022, which directed $18 million for the SCG project. On August 18, 2022, the Board Authorized the Executive Director to execute Amendment No. 4 to the UFRR Agreement for the processing and release of additional funding provided by the State Budget Act of 2022.

Present Situation

The Lower San Joaquin River Project Phase I is approaching a critical milestone where activities such as project design, geotechnical reviews, hydraulic reviews and real-estate acquisitions need to be made expeditiously. Consequently, on May 10, 2023, SJAFCA requested the State for $3,573,117 in advanced funding to cover the real estate costs for the initial acquisition of mitigation lands and real estate and environmental efforts needed for Phase A – Shima Tract. In order to cashflow the Non-Federal Sponsor contributions and meet the Non-Federal Sponsor's requirements pertaining to Land Easement Right-of-Way Relocations Disposals (LERRDs), DWR agreed to advance its cost share towards the Lower San Joaquin River Project, while SJAFCA pursues the Levee and Channel Maintenance Assessment to garner its contributions. It is understood by both DWR and SJAFCA staff that at the end of the LSJRP, the State and SJAFCA will audit their funding shares including any advances toward the required project cost-shares. If needed, adjustments will be made to ensure both parties fulfill their cost-shares as stated in the Local Project Partnership Agreement - LPPA (State 70%, SJAFCA 30%).

DWR is agreeable to advancing the State's cost share through Amendment No. 5 of the UFRR Agreement. Amendment No.5 will advance State funding that can be used towards various services on the San Joaquin River Basin, Lower San Joaquin River, California Project. These services include and not limited to:

- Purchase of mitigation parcel needed for the first reach (TS30L)
- Costs of real estate acquisitions by outside professional consultants for mitigation sites at TS30L.
- Costs of real estate acquisitions by outside consultants for mitigation sites at TS30L.
- Costs of environmental services on the San Joaquin River Basin, Lower San Joaquin River, California Project – Shima tract Phase 'A'
- Costs of geotechnical review by outside professional consultants.
- Costs of hydraulic review by outside professional consultants
- Costs of project management support
- Costs of public outreach efforts

To allow for the appropriate processing and release of this additional funding for the project, DWR needs to amend the existing language in the funding agreement for the Project as shown on Attachment 1.

Therefore, it is recommended that the Board authorize the Executive Director to execute Amendment No. 5 to the funding agreement for the SCG Urban Flood Risk Reduction Program as requested by DWR for the processing and release of the additional funds provided to the project by the State Budget Act of 2022, Ch. 43.

FINANCIAL SUMMARY

If approved by the Board, staff would execute Amendment No. 5 to the Funding Agreement which would allow DWR to tap into this additional state allocation of $3.5 million.

This amendment keeps the current funding for the Smith Canal ($90,296,490). However, it provides funding for the initial reaches of the LSJR project ($3,573,117).

PREPARED BY: Omar Al-Hindi

APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR
CE:OAH:dc

ATTACHMENTS:

1. Resolution for Authorization to Execute Amendment No. 5 to Funding Agreement Between the State of California Department of Water Resources and the San Joaquin Area Flood Control Agency for the Smith Canal Gate

2. Amendment No. 5 Funding Agreement between the State of California Department of Water Resources and the San Joaquin Area Flood Control Agency for the Smith Canal Gate

RESOLUTION NO. SJAFCA 23-18

S A N J O A Q U I N A R E A
F L O O D C O N T R O L A G E N C Y

==========

AUTHORIZATION TO EXECUTE AMENDMENT NO. 5 TO FUNDING AGREEMENT BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY FOR THE SMITH CANAL GATE PROJECT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY, AS FOLLOWS:

Authorize the Executive Director to:

1. Execute Amendment No. 5 to the funding agreement No. 4600012026 between the State of California Department of Water Resources and the San Joaquin Area Flood control Agency for the Smith Canal Gate Project;

2. This amendment will keep the current State funding for the Smith Canal project and will advance funding for the LSJR project in the amount of $3,573,117 to be used for support of Land Easement Right-of-Way Relocations Disposals (LERRDs) for the Lower San Joaquin River Project, Phase I.

PASSED, APPROVED AND ADOPTED this 15TH day of JUNE 2023.

_____
GARY SINGH, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

_____
CHRIS ELIAS, Executive Director
of the San Joaquin Area
Flood Control Agency.

APPROVED AS TO FORM:

_____
SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

DRAFT

A

ATTACHMENT 2

STATE OF CALIFORNIA
THE NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

Amendment No. 5

To

FUNDING AGREEMENT

BETWEEN

THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES

AND THE

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

FOR THE

SMITH CANAL GATE

FUNDED UNDER THE
URBAN FLOOD RISK REDUCTION PROGRAM

OF

THE CALIFORNIA DISASTER PREPAREDNESS AND FLOOD PREVENTION BOND ACT OF 2006; THE CALIFORNIA DROUGHT, WATER, PARKS, CLIMATE, COASTAL PROTECTION, AND OUTDOOR ACCESS FOR ALL ACT OF 2018; THE BUDGET ACT OF 2021; AND, THE BUDGET ACT OF 2022

ATTACHMENT 2

Amendment Number 5 to Agreement No. 4600012026, entered into by and between the State of California, acting by and through the Department of Water Resources, herein referred to as the "State" and the San Joaquin Area Flood Control Agency, herein referred to as “SJAFCA”, a public agency in the County of San Joaquin, State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as the "Funding Recipient,” which parties do hereby agree as follows:

A. This Amendment will replace Paragraph 4. PROJECT COST as follows:

   The total reasonable cost of completing the work described in the scope for the Project is estimated to be **$93,869,607.**

B. This Amendment will modify Paragraph 5 LIMIT ON STATE FUNDS as follows:

   LIMIT ON STATE FUNDS. Pursuant to the California Disaster Preparedness and Flood Prevention Bond Act of 2006 (Proposition 1E), to the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (Proposition 68), to the Budget Act of 2021 (Stats. 2021, ch. 240), to the Budget Act of 2022 (Stats. 2022, ch. 43) and subject to the availability of funds, including any mandates from the Department of Finance, the Pooled Money Investment Board (“PMIB”) or any other state authority, the State will provide to Funding Recipient in accordance with the terms of this Funding Agreement for the estimated State cost share an amount not to exceed **$58,372,942** except as provided in Paragraph 29. The State will not make payments of any kind -- advances or reimbursements -- until funding is made available by the State Treasurer, after allocation decisions are made by the Pooled Money Investment Board and Department of Finance. Funding recipients will only be entitled to State funds for Eligible Project Costs, as defined in Paragraph 7, and calculated in accordance with the cost sharing provisions in Paragraph 8.

C. This Amendment will add Paragraph B-38 as follows:

   RUSSIA SANCTIONS. On March 4, 2022, the Governor issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. The EO may be found at: https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under State law. The EO directs DWR to terminate funding agreements with, and to refrain from entering any new agreements with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine that the Funding Recipient is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this Agreement. The State shall provide the Funding Recipient advance written notice of such termination, allowing the Funding Recipient at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

ATTACHMENT 2

D. This Amendment will modify Paragraph 8 (a) COST SHARING as follows:

a) Eligible Project Costs will be shared by the State and the Funding Recipient on the following basis:

The State will pay sixty three percent (63%) of Eligible Project Costs for all elements, except for Element 9. Element 9 will be cost shared at the percentages defined in the USACE Lower San Joaquin CA Project LPPA, which is seventy (70%) of Eligible Project Costs. Funding Recipient will be responsible for paying the balance. The Funding Recipient may not use other State funds for its local share unless the State agency providing those funds is specifically authorized by the Legislature to allow the Funding Recipient to use the funds for its local share and the State agency gives the Funding Recipient its written permission to use the funds provided by the State agency for the local share.

E. Exhibit A, attached hereto, is hereby replaced in its entirety to reflect the changes in the Overall Project Work Plan, Budget, and Schedule.

F. All other terms and conditions of Agreement No. 4600012026 and Amendments shall remain the same and in effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 4 to the Funding Agreement.

STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES

By: _____
Jeremy Arrich, Manager
Division of Flood Management

Date: _____

Approved as to Legal Form and Sufficiency:

By: _____
Robin E. Brewer
Assistant General Counsel
Office of the General Counsel

Date: _____

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

By: _____
Chris Elias, Executive Director

Date: _____

Approved for Legal Form and Sufficiency:
Funding Recipient Counsel

By: _____
Scott Shapiro
Agency Counsel

Date: _____

Agenda Item 4.5

June 15, 2023

TO: Board of Directors

FROM: Chris Elias, Executive Director

SUBJECT: **FUND REQUEST FOR THE SAN JOAQUIN RIVER BASIN, LOWER SAN JOAQUIN RIVER, CALIFORNIA PROJECT**

RECOMMENDATIONS

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency approve a resolution to:

1. Authorize the Executive Director or designee to execute a funding request with the California Department of Water Resources (DWR) in the amount of $900,000 to be utilized towards temporary cost-share balance adjustment to assist in the funding for purchases of necessary Lands, Easements, Relocations, Right-of-Way, and Disposal Sites (LERRDs) and to support consultant's work needed to continue to advance the Lower San Joaquin River, California Project and,

2. Authorize the Executive Director or designee to execute all documents related to the Project and make any administrative changes to the forgoing resolution in consultation with SJAFCA's general counsel, to clarify the Board's intent and satisfy DWR's administrative and legal requirements.

DISCUSSION

Background

On March 03, 2023, the design of the San Joaquin River Basin, Lower San Joaquin River, California Project Phase 'A', Shima Tract has started. To complete the design phase of this reach of the LSJR, SJAFCA needs professional consultant services for the following:

- Environmental Services (CEQA).
- Real Estate Services for the levee (Right-of entries, easements, utility relocations, real estate for on-site mitigation sites).
- Real Estate Services for off-site mitigation parcels.
- Hydraulic design reviews.
- Geotechnical design reviews.
- Project management

Present Situation

On May 09, 2023, SJAFCA sent a funding request letter to the Department of Water Resources requesting $900,000 as a temporary cost-share balance adjustment to assist in the funding for purchases of necessary of necessary lands, easements, relocation of utilities, right-of-way, and disposal sites (LERRDs) and to support consultant work needed to continue to advance the Lower San Joaquin River, California Project.

FUND REQUEST FOR THE SAN JOAQUIN RIVER BASIN, LOWER SAN JOAQUIN RIVER, CALIFORNIA PROJECT

The funds being requested will address short term cash flow issues that SJAFCA is experiencing that could jeopardize the continuation of this vital public safety project for an economically disadvantaged community in the second largest metropolitan area of California's Central Valley. SJAFCA recognizes that this temporary imbalance in the project cost share will need to be addressed in the near future and plans to do so in 2024 following the passage SJAFCA's Levee Construction and Maintenance Assessment in June 2023, by making excess payments until the contractual balance has been restored, in accordance with the Local Project Partnership Agreement Number 46000013920, Section 4 "Method of Payment" paragraph F as shown below:

> *F. The Board and SJAFCA share a common goal of maximizing the flexibility with which payments may be made pursuant to this Agreement. The parties intend to cooperate in Project funding based on appropriations available to them. In order that the Project is not delayed due to one party's funding constraints, any party may fund all or any percentage of the items above during the course of the Project, provided that the overall cost-sharing obligation is met, and with the understanding that payments made in excess of a party's obligation will be subject to reimbursement. Any reimbursement by the State shall be made only upon specific appropriation by the Legislature.*

FISCAL IMPACT

There is no fiscal impact related to this item.

CHRIS ELIAS
EXECUTIVE DIRECTOR

Attachments:

1. SJAFCA's Letter to DWR
2. Draft Resolution to enter into funding agreement between the California Department of Water Resources for the San Joaquin River Basin, Lower San Joaquin River, California Project

ATTACHMENT 1

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

May 9, 2023

Department of Water Resources
Flood Risk Reduction Projects Sec. B
Division of Flood Management
3464 El Camino Avenue, Suite 200
Sacramento, Ca 95821-9000
Attention: Mr. Michael J. Musto, Manager

Subject: **FUND REQUEST FOR THE SAN JOAQUIN RIVER BASIN, LOWER SAN JOAQUIN RIVER, CALIFORNIA PROJECT**

Dear Mr. Musto:

The San Joaquin Area Flood Control Agency (SJAFCA) respectfully requests a $900,000 temporary cost-share balance adjustment to assist in the funding for services and purchases of necessary Lands, Easements, Relocations, Right-of-Way, and Disposal Sites (LERRDS); and to support consultant work needed to continue to advance the Lower San Joaquin River, California, Project (Project). The funds being requested will address short term cash flow gap that SJAFCA is experiencing that could jeopardize the continuation of this vital public safety project for an economically disadvantaged community in the second largest metropolitan area of California's Central Valley. SJAFCA recognizes that this temporary imbalance in the project cost share will need to be addressed in the near future, and plans to do so in 2024 following the passage of SJAFCA's Levee Construction and Maintenance Assessment in June 2023, by making excess payments until the contractual balance has been restored, in accordance with Local Project Partnership Agreement Number 46000013920, Section 4, " Method of Payment " paragraph F as shown below:

> *F. The Board and SJAFCA share a common goal of maximizing the flexibility with which payments may be made pursuant to this Agreement. The parties intend to cooperate in Project funding based on appropriations available to them. In order that the Project is not delayed due to one party's funding constraints, any party may fund all or any percentage of the items above during the course of the Project, provided that the overall cost-sharing obligation is met, and with the understanding that payments made in excess of a party's obligation will be subject to reimbursement. Any reimbursement by the State shall be made only upon specific appropriation by the Legislature.*

Thank you in advance for your consideration of this fund request for cost-share balance adjustment. We remain very grateful for your continued partnership for the on-going effort to successfully deliver this critical flood risk reduction project for the Stockton metropolitan community.

If you have any questions, please call me at 209-937-8866.

Sincerely,

Chris Elias
Executive Director

Cc: Larry Ito, DWR
Omar Al-Hindi, SJAFCA

RESOLUTION NO. SJAFCA 23-19

S A N J O A Q U I N A R E A
F L O O D C O N T R O L A G E N C Y

==========

AUTHORIZATION TO EXECUTE FUNDING REQUEST WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES (DWR)

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY, AS FOLLOWS:

Authorize the Executive Director to:

1. Execute a funding request with the California Department of Water Resources (DWR) in the amount of $900,000 to be utilized towards temporary cost-share balance adjustment to assist in the funding for services related to purchases of necessary Lands, Easements, Relocations, Right-of-Way, and Disposal Sites (LERRDs) and to support consultant's work needed to continue to advance the Lower San Joaquin River, California Project and,

2. Authorize the Executive Director or designee to execute all documents related to the Project and make any administrative changes to the forgoing resolution in consultation with SJAFCA's General Counsel, to clarify the Board's intent and satisfy DWR's administrative and legal requirements.

PASSED, APPROVED AND ADOPTED this 15th day of JUNE 2023.

_____
GARY SINGH, CHAIR
of the San Joaquin Area
Flood Control Agency

ATTEST:

_____
CHRIS ELIAS, Executive Director
of the San Joaquin Area
Flood Control Agency.

APPROVED AS TO FORM:

_____
SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

DRAFT

End of Agenda Packet