



550 Main Street
P. O. Box 470
Weed, CA 96094

CITY OF WEED

CITY COUNCIL SPECIAL MEETING

Council Chambers
550 Main Street, Weed, CA
Posting: September 25, 2026

NOTICE AND CALL FOR A SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a Special Meeting of the Council of the City of Weed will take place at the date, time, and location listed above.

Date of Meeting: Monday September 28, 2026
Time of Meeting: 5:30 PM
Place of Meeting: Council Chambers, Weed City Hall, 550 Main Street, Weed, CA

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

2. ROLL CALL: Council Members Mark Mazzoni, Ken Palfini, Phet Virasonh, and Melissa Whetstine
Mayor: Darrell Parham

3. PUBLIC BUSINESS FROM THE FLOOR

Pursuant to California Government Code §54954.3(a), members of the public wishing to address the Council may do so before or during consideration of any item that has been described in the notice for the meeting. Please keep comments concise and observe time limits. Individual speakers will be limited to 3 minutes each with a 20-minute maximum for public comment.

4. AGENDA

A. Public Works: By Motion – Council will consider Resolution No. 41-2026 Authorizing the City Manager to Execute a Letter of Intent to meet Conditions, Requests for Obligation of Funds, and Associated Documents necessary for USDA Loan and Grant Funding for the Shastina Wastewater Improvement Project.

5. ADJOURNMENT

Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 550 Main Street or via the City website at www.ci.weed.ca.us.

Sandra Duchi
City Clerk



City of Weed

Agenda Item Summary

Meeting: City Council – 28 September 2026

Department:

Public Works

Agenda Item Title:

**Consider Approval of Resolution No. 41-2026 A
Resolution Authorizing the City Manager to
Execute a Letter of Intent for USDA Rural
Development Loan and Grant Funding - Shastina
Wastewater Improvements Project**

Staff Recommendation:

Adopt Resolution No. 41-2026 authorizing the City Manager to execute the USDA Rural Development Letter of Intent to Meet Conditions (Form RD 1942-46), the two Requests for Obligation of Funds (Form RD 1940-1), and any associated agreements, forms, reports, and instruments necessary to secure and accept USDA loan and grant funding for the Shastina Wastewater Improvements Project, subject to the conditions established by USDA.

Summary:

On September 23, 2026, USDA Rural Development issued the City a Letter of Conditions for the Shastina Wastewater Improvements Project. The proposed funding package totals \$7,096,000 and consists of up to \$5,322,000 in grant funding and a \$1,774,000 loan. USDA states that the Letter of Conditions is not itself final loan or grant approval; the funding is considered approved when the Agency approval official signs Form RD 1940-1. Because the requested forms seek obligation of federal funds and include a City debt obligation, Council authorization is being requested before execution.

USDA originally requested the return of the required forms within two days. USDA staff subsequently advised the City that the executed documents are needed no later than Tuesday morning, September 29, 2026. This timing necessitates consideration at the September 28 special meeting. This action is not the final loan closing: USDA separately requires security instruments and a duly adopted bond/loan resolution before closing, and a compliant rate schedule before bidding. Additional Council action may therefore be required as the project advances.

Funding Package and Project Budget

Funding / Term	USDA Proposal
Total project cost	\$7,096,000
USDA grant	\$5,322,000 total
USDA loan	\$1,774,000

Form RD 1940-1 - first request	\$3,322,000 grant + \$1,774,000 loan
Form RD 1940-1 - second request	\$2,000,000 grant
Planning interest rate	2.875%; actual rate is the lower of the rate in effect at loan approval or loan closing, unless the City requests otherwise
Loan term	40 years
Planning annual loan payment	\$75,205; exact payment will be based on the rate at closing
Loan security	\$1,774,000 revenue bond in first lien position, registered to the United States of America acting through USDA

USDA based the project on the Preliminary Engineering Report prepared by PACE Engineering dated August 24, 2026. The USDA project budget includes \$4,760,800 for development; \$709,200 for contingency; \$45,000 for the Preliminary Engineering Report; \$34,000 for environmental documentation; \$381,000 for design; \$27,000 for construction administration; \$338,000 for resident project representation/inspection; \$751,000 for additional services; and \$50,000 for bond counsel, for a total of \$7,096,000. Contingency may be used only for unexpected costs within the approved project scope. Significant budget changes require an amended Letter of Conditions.

Loan Terms and Continuing Obligations

The loan is scheduled for repayment over 40 years in equal annual amortized installments. USDA uses a 2.875% planning rate and an annual payment of \$75,205. If the rate available at closing is lower, the payment will be recalculated. The City may prepay scheduled installments, in whole or in part, without penalty.

As conditions of the loan, the City must establish a debt service reserve equal to one annual loan installment. USDA requires monthly deposits of approximately \$626.71, or 10% of one annual payment, until the reserve reaches \$75,205, generally over 10 years. Withdrawals require USDA concurrence, and the reserve must be replenished if used. The City must also deposit at least \$20,000 annually into a short-lived asset reserve for the life of the loan to fund replacement of major assets with useful lives of 15 years or less.

The financed facility may not be transferred, sold, or encumbered without USDA approval. USDA policy requires interim financing for loans exceeding \$500,000. The City must initially seek reasonable interim construction financing from private or cooperative lenders; prepayment penalties are not allowed. USDA also requires prior approval before the City incurs additional debt or liabilities related to the financed facility. During the life of the loan, USDA may require refinancing of the unpaid balance if the Agency determines that reasonable private or cooperative financing is available. USDA will generally assess the ability to refinance every other year, starting when the loan is 5 years old.

Grant Terms

The grant component totals \$5,322,000 and is not structured as debt service; however, it is subject to a USDA grant agreement and federal award conditions. The grant agreement must be executed before the first grant disbursement. Property acquired or improved with federal grant funds is subject to federal use and disposition requirements, and a sale or transfer may be subject to the Federal Government's proportional interest in the property value.

USDA funds are disbursed in the following order: applicant contributions, other funding sources, interim financing or USDA loan funds, and USDA grant funds. Grant funds generally may not be used before loan funds. Unused grant funds are subject to cancellation/de-obligation after project completion, and reductions in USDA funding are applied to grant funds first. If additional outside funding becomes available after obligation, USDA may re-underwrite the project and de-obligate some or all of the existing package. The City must certify that other funding avenues have been exhausted and that it does not intend to pursue additional funding for this project without coordination with USDA.

Federal grant funds are subject to federal financial-management requirements, including separate accounting for federal receipts and expenditures. Grant advances generally must be held in an interest-bearing account, and interest exceeding \$500 per year must be remitted to the Agency unless an applicable exception applies.

Ability to De-obligate if the City Later Decides Not to Proceed

USDA Water and Environmental Programs State Office Specialist Jennifer Strauch has separately confirmed in writing that "the Agency does allow funds to be de-obligated after obligation if the City decides not to move forward with the project." This means Council authorization preserves the current funding opportunity while the City continues to complete the required project steps.

Major Conditions Before Bidding and Construction

- Any significant change in project cost, funding source, project scope, the City's financial condition or operation, organizational structure, or executive leadership must be reported to and concurred with by USDA through a written amendment. Unapproved significant changes may cause USDA to discontinue processing.
- All Section III conditions in the Letter of Conditions must be satisfied within one year of the September 23, 2026 letter, unless USDA approves an extension.
- The City must maintain procurement policies and internal controls compliant with 2 CFR Part 200. Competitive sealed bidding is the default construction procurement method unless USDA approves another method.
- Plans, specifications, engineering agreements, legal-service agreements, security instruments, and applicable contracts must receive required USDA concurrence. Plans and specifications must also satisfy applicable State and local requirements, including those of the North Coast Regional Water Quality Control Board.
- The Build America, Buy America requirements apply to the entire infrastructure project, including required documentation and manufacturer/contractor/engineer certifications, unless an approved waiver applies.
- The City must establish adequate property and right-of-way control, obtain required permits, maintain applicable insurance and bonding, and complete required accessibility/civil-rights compliance steps.
- The City must maintain up-to-date written conflict-of-interest standards and provide USDA a written conflict disclosure, or a negative disclosure if no conflict is anticipated, before obligation of funds.
- USDA underwriting assumes at least 867 residential users and 127 non-residential users. The City must certify user participation and maintain a positive connection program and, where applicable, sewer user agreements.
- Before advertising for bids, the City must submit an operating budget and rate schedule sufficient to cover operation and maintenance, debt service, and reserves. USDA

underwriting used 1,806 equivalent dwelling units and projected an annual operating budget of approximately \$997,344 in the first full year after completion.

- The City must maintain a Risk and Resilience Assessment/Emergency Response Plan addressing natural hazards, cybersecurity, supply chain, and other emergencies, together with continuing certifications and periodic updates.
- USDA concurrence is required before bid award, contract execution, changes to the approved scope, and release of USDA-funded payments. A full-time resident inspection is required unless the USDA approves an exception.
- Annual financial reporting is required for the life of the loan. A Single Audit is required when federal financial assistance expenditures meet the applicable threshold, currently \$1,000,000 per fiscal year. The City must also maintain an active SAM registration, annual budgets/cash-flow projections, insurance, and periodic USDA inspections.

Fiscal impact:

The funding package would provide up to \$7,096,000 for the project, of which \$5,322,000 is grant funding and \$1,774,000 is loan funding. At USDA's 2.875% planning rate, annual loan debt service is approximately \$75,205 for 40 years. Required reserve funding adds approximately \$7,520.52 per year during the first ten years to build the debt service reserve, plus at least \$20,000 per year for the short-lived asset reserve throughout the life of the loan. Accordingly, the initial annual cash flow requirement attributable to debt service and required reserve deposits is approximately \$102,726 before system operation and maintenance, insurance, interim financing, audit, and compliance costs.

For context, the City's FY 2026-27 Sewer M&O general ledger currently budgets \$720,000 in sewer-charge revenue and \$1,027,712 in expenses. USDA underwriting assumes 1,806 equivalent dwelling units and an annual operating budget of approximately \$997,344 in the first full year after project completion. USDA requires a rate sufficient to fund operation and maintenance, debt service, and reserves. This agenda does not itself approve a sewer rate increase; any rate action would be brought forward through the legally required process. Mind you, we are already working with WaterWorks to complete the rate study and go through the 218 process early next year, which will account for this project.

Alternative Actions:

The Council may decline to adopt the resolution; direct staff to seek changes or additional clarification from USDA before authorizing execution; or continue the item. Because USDA staff have requested executed documents by Tuesday morning, September 29, 2026, a delay may affect the timing or availability of the proposed funding package.

Environmental Review:

USDA states in its Letter of Conditions that the project, as proposed, has been evaluated as consistent with the National Environmental Policy Act (NEPA), and that project changes may require additional federal environmental review. The action before the Council is the authorization of financing documents and does not, by itself, authorize construction. No separate CEQA determination is requested for this agenda item; staff will continue to coordinate with the City's consultants and legal counsel regarding any CEQA or other environmental approvals required before construction or other discretionary project approvals.

Attachments:

1. Resolution No. 41-2026 - USDA Funding Authorization
2. USDA Rural Development Letter of Conditions (September 23, 2026)
3. Form RD 1942-46 - Letter of Intent to Meet Conditions
4. Form RD 1940-1 - \$3,322,000 grant and \$1,774,000 loan
5. Form RD 1940-1 - \$2,000,000 grant

RESOLUTION NO. 41-2026

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEED AUTHORIZING
THE CITY MANAGER TO EXECUTE A LETTER OF INTENT TO MEET
CONDITIONS, REQUESTS FOR OBLIGATION OF FUNDS, AND ASSOCIATED
DOCUMENTS NECESSARY FOR USDA LOAN AND GRANT FUNDING FOR THE
SHASTINA WASTEWATER IMPROVEMENTS PROJECT**

WHEREAS, the City of Weed submitted a funding application to the United States Department of Agriculture (USDA) for the Shastina Wastewater Improvements Project;

WHEREAS, on September 23, 2026, the City received a letter from the USDA establishing conditions which must be understood and agreed to by the City before further consideration may be given to the City's funding application, a copy of which is attached hereto as **Exhibit "A"** and incorporated herein by reference;

WHEREAS, in order for further consideration to be given to the City's application, the USDA requires that the City execute a Letter of Intent to Meet Conditions (Form RD 1942-46) and two Request for Obligation of Funds (Form RD 1940-1);

WHEREAS, the Letter of Intent to Meet Conditions, attached hereto as **Exhibit "B"** and incorporated herein by reference, evidences the City's intent to meet all conditions of USDA grant and loan funding as described in Exhibit A;

WHEREAS, one Request for Obligation of Funds, attached hereto as **Exhibit "C"** and incorporated herein by reference, requests a grant in the amount of \$3,322,000 and a loan in the amount of \$1,1774,000 (with a 40 year repayment term at 2.875% interest rate);

WHEREAS, a second Request for Obligation of Funds, attached hereto as **Exhibit "D"** and incorporated herein by reference, requests a grant in the amount of \$2,000,000;

WHEREAS, the City Council desires USDA to proceed with consideration of the City's funding application and the Requests for Obligation of Funds and for the City to accept any such funds if awarded.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City of Weed that the City Manager is authorized and directed to execute and deliver (i) Form RD 1942-46 in substantially the same form as set forth in Exhibit B; and (ii) one Form RD 1940-1 in substantially the same form as set forth in Exhibit C; and (iii) a second Form RD 1940-1 in substantially the same form as set forth in Exhibit D for the Shastina Wastewater Improvements Project.

FURTHER BE IT RESOLVED AND ORDERED by the City Council of the City of Weed that the City Manager is authorized and directed to execute and deliver any and all associated agreements, forms, documents, reports, and instruments necessary to secure and accept USDA

funding for the Shastina Wastewater Improvements Project as contemplated herein and to otherwise carry out and effectuate the intent of this Resolution.

FURTHER BE IT RESOLVED AND ORDERED by the City Council of the City of Weed that this Resolution shall take effect immediately upon adoption.

I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the City Council of the City of Weed, Siskiyou County, California, at a special meeting thereof, held on the 28th day of September 2026, by the following vote, to wit:

AYES:

NOES:

RECUSE:

ABSENT:

Darrell Parham, Mayor

ATTEST:

Sandra Duchi, City Clerk



United States Department of Agriculture

Rural Development

September 23, 2026

Alturas, California
221 W. 8th St
Alturas, California
96101

City of Weed
550 Main Street
Weed, CA 96094

Voice 530.708.6242

SUBJECT: Letter of Conditions

Project Name: Lake Shastina Wastewater Improvements
Water and Waste Disposal Systems for Rural Communities
Assistance Listings Number - 10.760

Agency Loan: \$1,774,000.00
Agency Grant: \$5,322,000.00

Dear Mr. Stambaugh,

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to your application, including US Department of Agriculture General Terms and Conditions for Federal Awards effective December 31, 2025 (USDA GT&C). The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA Rural Development (RD), both of which are referred to throughout this letter as the Agency. Any changes in project cost, source of funds, scope of project, or any other significant changes in the project or applicant must be reported to and concurred with by the Agency by written amendment to this letter. This includes any significant changes in the Applicant's financial condition, operation, organizational structure or executive leadership. Any changes made without Agency concurrence may be cause for discontinuing processing of the application.

This letter does not constitute loan and grant approval, nor does it ensure that funds are or will be available for the project. The funding is being processed on the basis of a loan not to exceed \$1,774,000.00 and a grant not to exceed \$5,322,000.00. The loan and grant will be considered approved on the date Form RD 1940-1, "Request for Obligation of Funds" is signed by the Agency approval official.

The applicant will ensure projects are completed in a timely, efficient, and economical manner. You must meet all conditions set forth under Section III – Requirements Prior to Advertising for Bids within 1 year of this letter.

If you do not meet the conditions of this letter, the Agency reserves the right to withdraw Agency funding.

If you agree to meet the conditions set forth in this letter and desire further consideration be given to your application, please execute and return the following forms within 2

days:

Form RD 1942-46, "Letter of Intent to Meet Conditions"
Form RD 1940-1, "Request for Obligation of Funds"

All parties may access information and regulations referenced in this letter at our website located at: [Water and Environmental Programs | Rural Development \(usda.gov\)](https://www.usda.gov/sites/default/files/documents/usda-general-terms-conditions-2025.pdf) and the USDA GT&C <https://www.usda.gov/sites/default/files/documents/usda-general-terms-conditions-2025.pdf>

The conditions are as follows:

SECTION I - PROJECT SCOPE

1. Project Description – Funds will be used to provide improvements to the Lake Shastina Wastewater Treatment System.

Facilities will be designed and constructed in accordance with sound engineering practices and must meet the requirements of Federal, State, and local agencies. The proposed facility design must be based on the Preliminary Engineering Report (PER), prepared by Pace Engineering, dated August 24, 2026, as concurred with by the Agency.

2. Project Funding – The Agency is offering the following funding for your project:

Agency Loan -	\$ 1,774,000.00
Agency Grant -	\$ 5,322,000.00

TOTAL PROJECT COST - \$ 7,096,000.00

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Prior to loan closing, any increase in non-Agency funding will be applied first as a reduction to Agency grant funds, up to the total amount of the grant, and then as a reduction to Agency loan funds.

The applicant must certify that they have exhausted all other funding avenues and have no pending funding considerations from any other sources. Further, the applicant must certify that they do not intend to apply anywhere else for funding for this project. If, after obligation of Agency funds, other funding becomes available, the Agency reserves the right to deobligate any, and all funding for this project and to re-underwrite. This may result in the offering of a different funding package for this project.

Prior to advertisement for construction bids, you must provide evidence of applicant contributions and other funding sources. This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

3. Project Budget – Funding from all sources has been budgeted for the estimated expenditures as follows:

<u>Project Costs:</u>	<u>Total Budgeted:</u>
Development	\$4,760,800
Contingency	\$709,200
Engineering Fees	
Includes:	
Preliminary Engineering Report	\$45,000
Environmental Documentation	\$34,000
Design	\$381,000
Construction Administration	\$27,000
Resident Project Representation (Inspection)	\$338,000
Additional Services	\$751,000
Legal Fees - Bond Counsel	\$50,000
 TOTAL	 \$7,096,000

Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. **Obligated loan and/or grant funds not needed to complete the proposed project defined in the Project Scope will be deobligated. Any reduction will be applied to Agency grant funds first. Project Costs also include Contingency funds, which are to only be used to cover unexpected costs within the scope of the approved project and not expand the scope of the project if funds remain at completion.** If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. An "Amended Letter of Conditions" will be issued for any significant changes to the total project budget.

4. Project Timeline – To ensure that the project proceeds in a timely manner, key processing milestones have been established in accordance with the PER or other Agency approved documentation. **Project should be completed and all Agency funds fully disbursed within three years of obligation.**

By accepting the terms outlined herein, you agree to adhere to the milestones specified below. If one or more of the milestones cannot be met, you must submit a written extension request to the Agency 30 days in advance, or no less than 10 calendar days before the referenced date.

Should your final payment date extend beyond three years from the obligation date, a written request must be submitted following the procedures outlined in Section VI of this letter, with a minimum of 90 days' notice before the benchmark date. The request must provide valid justification for the delay and include a revised project completion schedule. If the Agency concurs with the modification, written confirmation will be provided. The Agency reserves the right to de-obligate loan and/or grant funds, or take other appropriate action, if the established or amended deadlines are not met.

<u>Milestone</u>	<u>Date</u>
Land & Easement Acquisition	December 31, 2026
Final Drawings, Specifications and other Bidding Documents submitted for Agency Review	February 1, 2026
Permits Acquisition Complete	March 1, 2026
Initial Advertisement for Bids	April 1, 2026
Award Contract(s)	April 1, 2026
Commencement of Construction Contract(s)	May 1, 2026
Substantial Completion	June 1, 2026
Final Payment	August 31, 2027
	September 1, 2027

SECTION II – RATES & TERMS

5. Interest Rates and Loan Terms – The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, unless you request otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount. The payment due date will be established as the day that the loan closes.

Your loan will be scheduled for repayment over a period of 40 years. Payments will be equal annual amortized installments, beginning one month after closing. For planning purposes, use a 2.875% interest rate which provides for an annual payment of \$75,205.00. The precise payment amount will be based on the interest rate at which the loan is closed and may be different than the one above.

6. Security – The loan will be secured by a Revenue bond with first lien position in the amount of \$1,774,000.00. The bond will be fully registered both in principal and interest under the name of the “United States of America, Acting through the United States Department of Agriculture.” Bond Counsel will be utilized in preparation of these documents.

The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the Agency Loan Resolution, applicable regulations, or associated laws. There must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 U.S.C. 1983.

Additional security requirements are contained in RUS Bulletin 1780-27, “Loan Resolution (Public Bodies) and/or RUS Bulletin 1780-12, “Water and Waste System Grant Agreement”. A draft of all security instruments, including draft bond resolution, must be reviewed and concurred by the Agency prior to advertising for bids. Bond/loan resolutions must be duly adopted and

executed prior to loan closing. The recipient may not transfer, sell or encumber the facility without Agency approval.

The Grant Agreement will be executed prior to the first disbursement of grant funds. The grantee understands that any property acquired or improved with Federal grant funds may have use and disposition conditions which apply to the property as provided by 2 CFR part 200 in effect at this time and as may be subsequently modified. The grantee understands that any sale or transfer of property is subject to the interest of the United States Government in the market value in proportion to its participation in the project.

7. Reserves – Reserves must be properly budgeted and set aside to maintain the financial viability and sustainability of any operation. Reserves are important to fund unanticipated emergency repairs, to assist with debt service should the need arise, and for the replacement of assets which have a useful life less than the repayment period of the loan. The following reserves are required to be established as a condition of this loan:

- a. **Debt Service Reserve** – As a part of this Agency loan proposal, you must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment. For planning purposes, 10% of the proposed loan installment would equal \$626.71 per month; this amount should be deposited monthly until a total of \$75,205.00 has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. When funds are withdrawn during the life of the loan, deposits will continue as designated above until the fully funded amount is reached.
- b. **Short-Lived Asset Reserve** – In addition to the debt service reserve fund, you must establish a short-lived asset reserve fund for assets expected to require replacement within 15 years. Based on the PER, you must deposit at least \$20,000.00 into the short-lived asset reserve fund annually for the life of the loan to pay for repairs and/or replacement of major system assets. It is your responsibility to regularly assess your facility's short-lived asset needs, adjust amounts deposited accordingly, and notify the agency of any changes.

SECTION III – REQUIREMENTS PRIOR TO ADVERTISING FOR BIDS

8. Organization – The Bond Counsel transcripts of proceedings must show that your organization is a duly incorporated public body and has continued legal existence. Your organization must have the authority to own, construct, operate, and maintain the proposed facility, as well as for borrowing money, pledging security and raising revenues.

9. Suspension and Debarment Screening – (See also USDA GT&C, 8.0 DEBARMENT AND SUSPENSION) - You will be asked to provide information on the principals of your organization. Agency staff must conduct screening for suspension and debarment of the entity, as well as its principals through the Do Not Pay Portal.

Principal –

- i. An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or
- ii. A consultant or other person, whether or not employed by the participant or paid with federal funds, who –
 - 1. Is in a position to handle federal funds;
 - 2. Is in a position to influence or control the use of those funds; or,
 - 3. Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction. (2 CFR §180.995)

If the Agency staff is unable to confirm if any of the matches belong to the principal, the staff will request the Social Security Number (SSN), or at a minimum the last four digits of the SSN, to determine if the principal is suspended or debarred.

10. Uniform Guidance Procurement Standards Requirements (See also USDA GT&C, 4.6 Procurements) - In accordance with 2 CFR Part 200, you must adopt and follow a procurement policy that follows the Uniform Guidance and implement internal control processes and procedures to ensure compliance with the adopted policy. (2 CFR §200.317 thru 2 CFR § 200.327)

11. Environmental Requirements – (See also USDA GT&C, 1.11 National Environmental Policy Act) - The project, as proposed, has been evaluated to be consistent with the National Environmental Policy Act. Other Federal, State, tribal, and local laws, regulations and/or permits may apply or be required. If the project or any project element deviates from or is modified from the originally approved project, additional environmental review may be required.

12. Engineering Services – You have been required to complete an Agreement for Engineering Services, which should consist of the Engineers Joint Contract Documents Committee (EJCDC) documents as indicated in RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Documents on Water and Waste Projects with RUS Financial Assistance,” or other approved form of agreement. The Agency will provide concurrence prior to advertising for bids and must approve any modifications to this agreement.

13. Contract Documents, Final Plans, and Specifications- (See also USDA GT&C, 4.6 Procurement) - All development will be completed by contract in accordance with applicable provisions of 7 CFR 1780, Subpart C – Planning, Designing, Bidding, Contracting, Constructing and Inspections,, and in compliance with all statutory requirements including 2 CFR 200.317 thru 2 CFR 200.327. You are responsible to share this with your engineer before pre-design.

- a. The plans and specifications and all proposals required by law must be approved by North Coast Regional Water Quality Control Board.
- b. In preparing final design and providing service to the planned project area, you and your engineer will comply with all zoning and planning requirements of the appropriate governing bodies where service is to be provided.

- c. The Agency will need to concur with the plans and specifications prior to advertising for bids. The Agency may require an updated cost estimate if a significant amount of time has elapsed between the original project cost estimate and advertising for bids.
- d. The use of any procurement method other than competitive sealed bids must be requested in writing and approved by the Agency.
- e. The contract documents must consist of the EJCDC construction contract documents as indicated in RUS Bulletin 1780-26 or other Agency-approved forms of agreement.

14. Build America, Buy America (BABA) Requirements- (See also USDA GT&C, 3.0 BUY AMERICA PREFERENCE) Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for a project for infrastructure unless:

- a. all iron and steel permanently installed in the project are produced in the United States-- this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
- b. all manufactured products permanently installed in the project are produced in the United States—this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and
- c. all construction materials permanently installed are manufactured in the United States— this means that all manufacturing processes for the construction material occurred in the United States.

The BABA requirement applies to the entirety of an infrastructure project even if only a portion of the project is funded by Federal funds.

The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

Waivers

When necessary, recipients may apply for, and the agency may grant, a waiver from these requirements. The agency should notify the recipient of information on the process for requesting a waiver from these requirements.

Note that RD will generally only pursue project-specific, product-specific non-availability waivers for products with an extended cost exceeding the lesser of \$50,000 or 20 percent of the project's de minimis cap. If the recipient is having trouble finding a domestic source for a lower-cost item, RD will assist with market research if requested but will not pursue a project-specific waiver, encouraging the recipient to utilize the De Minimis waiver instead. Note that "extended cost" is the cost to the contractor to purchase (but not install) the items, multiplied by the number of units needed for the project.

When the Federal agency has made a determination that one of the following exceptions applies, the awarding official may waive the application of the domestic content procurement preference in any case in which the agency determines that:

- a. applying the domestic content procurement preference would be inconsistent with the public interest;
- b. the types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or
- c. the inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent.

A request to waive the application of the domestic content procurement preference must be in writing. The agency will provide instructions on the format, contents, and supporting materials required for any waiver request. Waiver requests are subject to public comment periods of no less than 15 days and must be reviewed by the Made in America Office.

Definitions

"Construction materials" includes an article, material, or supply—other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; or aggregate binding agents or additives—that is or consists primarily of:

- non-ferrous metals;
- plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables);
- glass (including optic glass);
- lumber; or
- drywall.

"Domestic content procurement preference" means all iron and steel used in the project are produced in the United States; the manufactured products used in the project are produced in the United States; or the construction materials used in the project are produced in the United States.

"Infrastructure" includes, at a minimum, the structures, facilities, and equipment for, in the United States, roads, highways, and bridges; public transportation; dams, ports, harbors, and other maritime facilities; intercity passenger and freight railroads; freight and intermodal facilities; airports; water systems, including drinking water and wastewater systems; electrical

transmission facilities and systems; utilities; broadband infrastructure; and buildings and real property. Infrastructure includes facilities that generate, transport, and distribute energy.

“Project” means the construction, alteration, maintenance, or repair of infrastructure in the United States.

The link for information concerning BABA for USDA funded projects is:

<https://www.usda.gov/about-usda/general-information/staff-offices/office-chief-financial-officer/federal-financial-assistance-policy/build-america-buy-america-baba-act>

Owners are ultimately responsible for compliance with the evidence standards as outlined in the Build America Buy America (BABA) Appendix A to this Letter. Owners are required to maintain records as specified in their loan or grant agreement, but in all cases, they should maintain records for a minimum of three years after the final expenditure report. Minimum records include certifications from manufacturers, the architect/engineer, and the prime contractor. Supporting documentation includes purchasing records and notes and photos taken by the Resident Project Representative (RPR). Further guidance regarding certifications will be provided by the Agency.

15. Legal Services –A legal services agreement is required with your attorney and bond counsel, if applicable, for any legal work needed in connection with this project. The agreement should stipulate an hourly rate for the work, with a “not to exceed” amount for the services, including reimbursable expenses. RUS Bulletin 1780-7, “Legal Services Agreement,” or similar format may be used. The Agency will provide concurrence prior to advertising for bids. Any changes to the fees or services spelled out in the original agreement must be reflected in an amendment to the agreement and have prior Agency concurrence.

16. Property Rights - Prior to advertising for bids, you and your legal counsel must furnish satisfactory evidence that you have adequate continuous and valid control over the lands and rights-of-way needed for the project. Acquisitions of necessary land and rights must be accomplished in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Such control over the lands and rights will be evidenced by the following:

- a. **Right-of-Way Map** – Your engineer will provide a map clearly showing the location of all lands and rights-of-way needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
- b. **Form RD 442-20, “Right-of-Way Easement”** – This form, or similar format, may be used to obtain any necessary easements for the proposed project.
- c. **Form RD 442-21, “Right-of-Way Certificate”** – You will provide a certification on this form that all right-of-way requirements have been obtained for the proposed project.
- d. **Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way”** – Your attorney will provide a certification and legal opinion on this form addressing rights-of-way, easements, and title.

The approving official may waive title defects or restrictions, such as utility easements, that do not adversely affect the suitability, successful operation, security value, or transferability of the

facility. Any such waivers must be provided by the approving official in writing prior to closing or the start of construction, whichever occurs first.

You are responsible for the acquisition of all property rights necessary for the project and for determining that prices paid are reasonable and fair. The Agency may require an appraisal by an independent appraiser or Agency employee in order to validate the price to be paid.

17. System Policies, Procedures, Contracts, and Agreements – The facility must be operated on a sound business plan which involves adopting policies, procedures, and/or ordinances outlining the conditions of service and use of the proposed system. Mandatory connection policies should be used where enforceable. The policies, procedures, and/or ordinances must contain an effective collection policy for accounts not paid in full within a specified number of days after the date of billing. They should include appropriate late fees, specified timeframes for disconnection of service, and reconnection fees. A draft of these policies, procedures, and/or ordinances must be submitted for Agency review and concurrence, along with the documents below, before closing instructions may be issued unless otherwise stated.

- a. Conflict of Interest Policy** – (See also USDA GT&C, 1.7 Conflict of Interest) - Prior to obligation of funds, you must certify in writing that your organization has in place up-to-date written standards of conduct covering conflict of interest. The standards of conduct must include disciplinary actions in the event of a violation by officers, employees, or agents of the borrower. The standards identified herein apply to any parent, affiliate or subsidiary organization of the borrower that is not a state or local government, or Indian Tribe. Policies and accompanying documents shall be furnished to Rural Development upon request.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest. Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure in the same format is required if no conflicts are anticipated.

Sample conflict of interest policies may be found at the National Council of Nonprofits website, <https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>, or in Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy," at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>. Though these examples reference non-profit corporations, the requirement applies to all types of Agency borrowers.

Assistance in developing a conflict of interest policy is available through Agency-contracted technical assistance providers if desired.

- #b. Sewer User Agreement** – (See also USDA GT&C, 1.15 Prior Approval) -Projects not involving mandatory connection require users to execute a Sewer Users Agreement. The draft agreement must receive Agency concurrence prior to advertising for bids. RUS Bulletin 1780-9, "Water Users Agreement," or similar format may be used.

#c. Contracts for Other Services/Lease Agreement – (See also USDA GT&C, 1.15 Prior Approval) -Drafts of any contracts or other forms of agreements for other services, including audit, management, operation, and maintenance, or lease agreements covering real property essential to the successful operation of the facility, must be submitted to the Agency for review and concurrence prior to advertising for bids.

#d. Parity/Intercreditor Agreement – (See also USDA GT&C, 1.15 Prior Approval) - Projects with parity liens must have in place a written agreement between the parity lenders. The draft agreement must receive Agency concurrence prior to advertising for bids.

Fully executed copies of any policies, procedures, ordinances, contracts, or agreements above must be submitted prior to loan closing, with the exception of the conflict of interest policy, which must be in place prior to obligation of funds.

18. Closing Instructions – The Agency will prepare closing instructions as soon as the requirements of the previous paragraphs are complete, as well as a draft of the security instrument(s). Both your bond and legal counsel must comply with these instructions when closing the Agency loan/grant.

19. System Users – This letter of conditions is based upon your indication at application that there will be at least 867 residential users, 127 non-residential users on the existing system when construction is completed.

Before the Agency can agree to the project being advertised for construction bids, you must certify that the number of users indicated at application are currently using the system or signed up to use the system once it is operational.

If the actual number of existing and/or proposed users that have signed up for service is less than the number indicated at the time of application, you must provide the Agency with a written plan on how you will obtain the necessary revenue to adequately cash flow the expected operation, maintenance, debt service, and reserve requirements of the proposed project (e.g., increase user rates, sign up an adequate number of other users, reduce project scope, etc.). Similar action is required if there is cause to modify the anticipated flows or volumes presented following approval.

a. **Positive Program to Encourage Connections** – (See also USDA GT&C, 1.15 Prior Approval) -You must provide a positive program to encourage connection by all users as soon as service is available. The program will be reviewed by the Agency prior to advertising for bids. A guide for developing your positive program is available from the Agency.

b. **Sewer User Agreements** – (See also USDA GT&C, 1.15 Prior Approval) -Users will be required to execute a Sewer Users Agreement prior to advertising for construction bids. The amount of cash contributions required will be set by you and concurred with by the Agency. Contributions should be an amount high enough to indicate sincere interest on the part of the potential user, but not so high as to preclude service to low-income

families and must have a deadline for the contribution to be used or forfeited. RUS Bulletin 1780-9, "Water Users Agreement," or similar agreement may be used.

- c. **Service Declination Statement** – Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement."

20. Construction Account – (See also USDA GT&C, 4.0 FINANCIAL MANAGEMENT) - A separate construction account is not required for project funds. However, the recipient must be able to separately identify, report and account for all Federal funds, including the receipt, obligation and expenditure of funds, in accordance with 2 CFR 200.305. These funds must be deposited in a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage. **If the balances at the financial institution where federal funds will be deposited exceeds the FDIC insurance coverage, the excess amount must be collaterally secured up to 100 percent of the highest amount of funds expected to be deposited in the account at any one time, per the Department of Treasury regulations and requirements.**

21. Interim Financing – The Agency's policy is to utilize interim financing for all loans exceeding \$500,000. Prepayment penalties on interim financing are not allowed. Borrowers are required to seek interim financing initially from private or cooperative lenders if funds can be borrowed at reasonable interest rates on an interim basis from those sources for the construction period. The fact that a commercial lender's rates are higher than current Agency interest rates does not necessarily mean that the commercial rate is not reasonable. In most cases, the borrower is issuing payment to the interim lender, and therefore, the borrower is responsible for the debarment and suspension screening of the interim lender.

22. Proposed Operating Budget – You must establish and/or maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance (O & M), debt service, and reserves. Our underwriting was completed using 1,806 equivalent dwelling units, which projected an annual operating budget of just over \$997,344.00 in the first full year after project completion. Prior to advertising for bids, you must submit a proposed annual operating budget to the Agency, as well as your proposed rate schedule that will be implemented under the new rate structure established through the Rate Study. The operating budget should be based on a typical year cash flow after completion of the construction phase and should be signed by the appropriate official of your organization. Form RD 442-7, "Operating Budget," or similar format may be utilized for this purpose. It is expected that O & M expenses will change over each successive year and user rates will need to be adjusted on a regular basis.

Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system. This assistance is available free to your organization. If you are interested, please contact our office for information.

23. Permits – The owner or responsible party will be required to obtain all applicable permits for the project, prior to advertising for bids. The consulting engineer must submit written evidence

that all applicable permits required prior to construction have been obtained with submission to the Agency of the final plans, specifications, and bid documents.

24. Risk and Resilience Assessment/Emergency Response Plan (RRA/ERP) –The Agency requires all financed water and wastewater systems to have a RRA/ERP in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operation, and a certification that a RRA is completed within one year of the start of operation (substantial completion) and ERP certification is due six months from the date of the RRA certification. Technical assistance is available in preparing these documents at no cost to you.

Before funds are drawn, you should have in place a cybersecurity plan, a supply chain plan, and a plan to comply with cybersecurity requirements of the National Institute of Science and Technology and the Cybersecurity and Infrastructure Security Administration. These items should be addressed in the RRA/ERP.

The RRA/ERP documents themselves are not submitted to the Agency. The RRA/ERP must address potential impacts from natural disasters and other emergency events. It should include plans to address impacts of flash flooding in areas where severe drought or wildfires occur. The documents should be reviewed and updated every three years at a minimum.

25. Bid Authorization - Once all the conditions outlined in Section III of this letter have been met, the Agency will authorize you to advertise the project for construction bids. Such advertisement must be in accordance with applicable State statutes.

SECTION IV - REQUIREMENTS PRIOR TO START OF CONSTRUCTION

26. Disbursement of Agency Funds - (See also USDA GT&C, 4.1 Payments, Advance, Reimbursements) - Agency funds will be disbursed electronically into the construction account as they are needed. SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form," must be completed and submitted to the Agency prior to commencement of construction.

The order of disbursement is as follows: 1) Applicant contribution, 2) other funding sources, 3) interim financing or Agency loan funds, and 4) Agency grant funds. Interim financing or Agency loan funds will be expended after all other funding sources unless a written agreement is reached with all other funding sources on how funds are to be disbursed prior the first disbursement. Interim financing funds or Agency loan funds must be used prior to the use of Agency grant funds. Agency Grant funds must not be disbursed prior to loan funds except as authorized in 7 CFR 1780.45(d).

(See also USDA GT&C, 4.4 Interest Earned) - Grant funds are to be deposited in an interest-bearing account (exception provided below) in accordance with 2 CFR Part 200.305 and interest in excess of \$500 per year remitted to the Agency. The funds should be disbursed by the recipient immediately upon receipt, and there should be little interest accrual on the Federal funds. Instructions from the Agency can be requested on how to remit interest earned in excess of \$500 per year. Recipients shall maintain advances of Federal funds in interest-bearing accounts, unless:

- The recipient receives less than \$250,000 in Federal awards per year.
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- A foreign government or banking system prohibits or precludes interest-bearing accounts, or
- An interest-bearing account is not readily accessible (for example, due to public or political unrest in a foreign country).

27. Bid Tabulation – (See also USDA GT&C, 1.15 Prior Approval) -Immediately after bid opening, you must provide the Agency with the bid tabulation and your engineer's evaluation of bids and recommendations for contract awards. If the Agency agrees that the construction bids received are acceptable, adequate funds are available to cover the total project costs, and all the requirements of Section III of this letter have been satisfied, the Agency will authorize you to issue the Notice of Award.

- Cost Overruns** – If bids are higher than expected, or if unexpected construction problems are encountered, you must utilize all options to reduce cost overruns. Negotiations, redesign, use of bidding alternatives, rebidding or other means will be considered prior to commitment of subsequent funding by the Agency. Any requests for subsequent funding to cover cost overruns will be contingent on the availability of funds. Cost overruns exceeding 20 percent of the development cost at time of loan or grant approval or where the scope of the original purpose has changed will compete for funds with all other applications on hand as of that date.
- Excess Funds** - If bids are lower than anticipated at time of obligation, excess funds must be deobligated prior to start of construction except in the cases addressed in this paragraph. In cases where the original PER for the project included items that were not bid, or were bid as an alternate, the State Office official may modify the project to fully utilize obligated funds for those items. Amendments to the PER, ER, and Letter of Conditions may be needed for any work not included in the original project scope. In all cases, prior to start of construction, excess funds will be deobligated, with grant funds being deobligated first. Excess funds do not include contingency funds as described in this letter.

28. Suspension and Debarment Screening – (See also USDA GT&C, 2.0 SYSTEM OF AWARD MANAGEMENT AND UNIVERSAL IDENTIFIER REQUIREMENTS) - In accordance with 2 CFR Part 180, Subpart C, as a condition of the transaction and the responsibilities to persons at the next lower tier with whom you enter into transactions, you must conduct screening for suspension and debarment of lower tier recipients (e.g., engineer, attorneys, vendors, contractors, interim lender, etc.).

29. Contract Review – (See also USDA GT&C, 1.15 Prior Approval) -Your attorney will certify that the executed contract documents, including performance and payment bonds, if

required, are adequate and that the persons executing these documents have been properly authorized to do so in accordance with 7 CFR 1780.61(b).

Once your attorney has certified that they are acceptable, the contract documents will be submitted to the Agency for concurrence. Construction cannot commence until the Agency has concurred in the construction contracts.

30. Final Rights of Way – Your attorney or title company must furnish a separate final title opinion or Title Insurance Policy on all real property related to the facility, now owned and to be acquired for this project, as of the day of loan closing or start of construction, whichever occurs first. Form RD 1927-10, “Final Title Opinion” may be used.

If any of the right-of-way forms listed previously in this letter contain exceptions that do not adversely affect the suitability, successful operation, security value, or transferability of the facility, the approving official must provide a written waiver prior to the issuance of the Notice to Proceed.

31. Insurance and Bonding Requirements - Prior to the start of construction or loan closing, whichever occurs first, you must acquire and submit to the Agency proof of the types of insurance and bond coverage for the borrower shown below. The use of deductibles may be allowed, providing you have the financial resources to cover potential claims requiring payment of the deductible. The Agency strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of the Agency to assure that adequate insurance and fidelity bond coverage is maintained.

- a. **General Liability Insurance** – Include vehicular coverage.
- b. **Workers’ Compensation** – In accordance with appropriate State laws.
- c. **Guaranty or Fidelity Insurance** – Coverage for all persons who have access to funds, including persons working under a contract or management agreement. Coverage may be provided either for all individual positions or persons, or through “blanket” coverage providing protection for all appropriate employees. Each position is to be insured in an amount equal to the maximum amount of funds expected to be under the control of that position at any one time. The minimum coverage allowed will be an amount equal to the total annual debt service payment on the Agency loans. The coverage may be increased during construction based on the anticipated monthly advances.
- d. **National Flood Insurance** - If the project involves acquisition or construction in a designated special flood area, the community in which the acquisition or construction is situated must be currently participating in the national flood insurance program. Additionally, if the project involves acquisition or construction in designated special flood or mudslide prone areas, a flood insurance policy must be in place at the time of loan closing.
- e. **Real Property Insurance** – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured, and subsurface lift stations except for the value of electrical and pumping equipment. The Agency will be listed as mortgagee on the policy when the

Agency has a lien on the property. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.

The Agency is to be listed as "Other Insured" or "Certificate Holder" so as to receive notifications on all insurance, regardless of security. Insurance types described above are required to be continued throughout the life of the loan. See Section VII.

32. Initial Civil Rights Compliance Review – The Agency will conduct an initial civil rights compliance review of the borrower prior to loan closing or start of construction, whichever occurs first. You are expected to comply with the completion of the review, including the furnishing of any documents, records, or other applicable material.

33. Self-Evaluation and Transition Plan - The self-evaluation and transition plan are to be completed prior to loan closing or the start of construction, whichever occurs first. Provide a copy of the self-evaluation plan and if necessary, transition plan.

A self-evaluation is a review of the services, programs, activities or facilities to be financed by our Agency to identify any physical barriers or policies, practices or procedural barriers that may limit or exclude participation by people with disabilities. A review of the facility to be financed by our agency and of your organization's policies and practices that relate to the facility's activities and services should be conducted with the assistance of persons knowledgeable of the applicable laws.

Any barriers identified in your self-evaluation should then be addressed in the transition plan. Structural changes or providing services or activities in an alternative manner or location may accomplish the elimination of barriers.

SECTION V – REQUIREMENTS PRIOR TO CLOSING

34. Interim Financing. (See also USDA GT&C, 4.1 Payments) - Interim financing is being used. Generally, loan closing will occur when interim funds have been fully disbursed. Documents detailed above from Sections II and III regarding security, electronic payments (Form 3550-CLSS), and system policies, procedures, contracts, and agreements must be adopted and/or executed and submitted to the Agency prior to loan closing.

35. Electronic Payments – Payments will be made through an electronic preauthorized debit system. You will be required to complete Form 3550-CLSS, "Authorization Agreement for Preauthorized Payments," for all new and existing indebtedness to the Agency prior to loan closing.

36. Other Requirements – All requirements contained in the Agency's closing instructions, as well as any requirements of your bond counsel and/or attorney, must be met prior to loan closing.

- a. **System for Award Management**. (See also USDA GT&C, 2.0 SYSTEM OF AWARD MANAGEMENT AND UNIVERSAL IDENTIFIER REQUIREMENTS) - You will be

required to maintain a Unique Entity ID (UEI) and maintain an active registration in the System for Award Management (SAM) database. Renewal can be completed online at: <http://sam.gov>. This registration must be renewed and revalidated every 12 months for as long as there is an active loan, grant, or guaranteed loan with the Agency.

To ensure the information is current, accurate and complete, and to prevent the SAM account expiration, the review and updates must be performed within 365 days of the activation date, commonly referred to as the expiration date. The registration process may take up to 10 business days. (See 2 CFR Part 25 and the "Help" section at <http://sam.gov>).

- b. **Litigation.** You are required to notify the Agency within 30 days of receiving notification of being involved in any type of litigation prior to loan closing or start of construction, whichever occurs first. Additional documentation regarding the situation and litigation may be requested by the Agency.
- c. **Certified Operator.** Evidence must be provided that your system has or will have a certified operator, as defined by applicable State or Federal requirements, available prior to the system becoming operational, or that a suitable supervisory agreement with a certified operator is in effect.

SECTION VI – REQUIREMENTS DURING CONSTRUCTION AND POST CONSTRUCTION

37. Construction Completion Timeframe – Following the benchmarks established in Section I, Item 4, Project Timeline, all projects should be completed and Agency funds fully disbursed within three years of the date of obligation. If funds are not disbursed within three years of obligation and you have not already done so per Section I, Item 4, you must submit a written request for extension of time to the Agency with adequate justification of the circumstances, including any beyond your control. The request must be submitted at least 90 days prior to the end of the three-year timeframe and include a revised estimated date of completion. The Agency will typically only allow one extension. Subsequent requests for waivers beyond the initial extension or requests that exceed five years from the initial date of obligation will be submitted to the RUS, Water and Environmental Programs for consideration. The Agency retains the right to de-obligate any loan and/or grant monies, or take other appropriate action, related to unliquidated funds that exceed the timeframes above and are not under an active extension.

38. Resident Inspector(s) – Full-time inspection is required unless you request an exception. Such requests must be made in writing, and the Agency must provide written concurrence. Inspection services are to be provided by the consulting engineer unless other arrangements are requested in writing and concurred with by the Agency. A resume of qualifications of any resident inspector(s) will be submitted to the owner and Agency for review and concurrence prior to the pre-construction conference. The resident inspector(s) must attend the preconstruction conference.

39. Preconstruction Conference – A preconstruction conference will be held prior to the issuance of the Notice to Proceed. The consulting engineer will review the planned development with the Agency, owner, resident inspector, attorney, contractor, other funders, and other interested parties, and will provide minutes of this meeting to the owner and Agency.

40. Inspections - (See also USDA GT&C, 5.5 Site Visits) – At a minimum, the Agency requires a preconstruction conference, pre-final, final, and warranty inspections. Your engineer will schedule a warranty inspection with the contractor and the Agency before the end of the one-year warranty period to address and/or resolve any outstanding warranty issues. The Agency will conduct an inspection with you of your records management system at the same time and will continue to inspect the facility and your records system every three years for the life of the loan. See Section VII of this letter.

41. Change Orders – A Change Order must be submitted for all modifications to the approved scope of work, including existing contracts. This includes non-physical modifications such as any time extension requests. Prior written Agency concurrence is required for all Change Orders.

42. Payments – (See also USDA GT&C, 4.1 Payments, 1.15 Prior Approval) - Prior Agency concurrence is required for all invoices and requests for payment before Agency funds will be released. Requests for payment related to a contract or service agreement will be signed by the owner, project engineer, and contractor or service provider prior to Agency concurrence. Invoices not related to a construction contract or service agreement will include the owner's written concurrence.

43. Use of Remaining Funds – (See also USDA GT&C, 9.3 Unused and Returned Funds) - As stated above, applicant contribution and connection or tap fees will be the first funds expended in the project. Funds remaining after all costs incident to the basic project have been paid or provided will be handled as follows:

- a. Funds remaining after the applicant contribution and connection fees may be considered in direct proportion to the amounts of funding obtained from each source. The use of Agency funding will be limited to eligible loan and grant purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan and grant remains the same.
- b. Any reductions in Agency funding will be first applied to the grant funds.
- c. Grant funds not expended for authorized purposes will be cancelled (de-obligated) within [60] days of final completion of project. Prior to actual cancellation, you, your attorney and engineer will be notified of the Agency's intent to cancel the remaining funds and given appropriate appeal rights.
- d. Under no circumstances is it appropriate to use remaining funds as contributions to a new project outside the scope of the funded project.
- e. Loan funds that are not needed will be cancelled (de-obligated) prior to loan closing.

44. Technical, Managerial and Financial Capacity - It is required that members of the Board of Directors, City Council members, trustees, commissioners and other governing members

possess the necessary technical, managerial, and financial capacity skills to consistently comply with pertinent Federal and State laws and requirements. It is recommended members receive training within one year of appointment or election to the governing board, and a refresher training for all governing members on a routine basis. The content and amount of training should be tailored to the needs of the individual and the utility system. Technical assistance providers are available to provide this training for your organization, often at no cost. Contact the Agency for additional information.

45. Reporting Requirements Related to Expenditure of Funds - (See also USDA GT&C, 4.2 Audit Requirements) - An annual audit under 2 CFR 200 Subpart F is required if you expend more than the current Single Audit threshold, currently \$1,000,000, in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. You are responsible for submitting the required data collection form and related information required when a Single Audit is performed and should work with the auditor to submit to the Federal Audit Clearinghouse (FAC) www.fac.gov. Expenditures of interim financing are considered Federal expenditures.

All audits are to be performed in accordance with 2 CFR Part 200, as adopted by USDA through 2 CFR Part 400. Annual organization-wide financial statements must be prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles (GAAP). Further guidance on preparing an acceptable audit can be obtained from the Agency. The audit must be prepared by an independent licensed Certified Public Accountant, or a State or Federal auditor if allowed by State law and must be submitted within 30 calendar days after receipt of the auditor's report or 9 months after the end of your fiscal year end, whichever is earlier. Both the audit and accompanying management report must be submitted for review.

If an audit is required, you must enter into a written agreement with the auditor and submit a copy of that agreement to the Agency prior to the advertisement of construction bids. The audit agreement may include terms and conditions that the borrower and auditor deem appropriate; however, the agreement should include the type of audit to be completed, the time frame in which the audit will be completed, and how irregularities will be reported.

SECTION VII – SERVICING REQUIREMENTS DURING THE TERM OF THE LOAN

46. Prepayment and Extra Payments - Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower, with no penalty.

Security instruments, including bonding documents, must contain the language regarding extra payments consistent with the following, unless prohibited by State statute:

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Agency debt, shall be applied as follows as appropriate:

- *For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.*
- *For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.*
- *For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments were obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.*
- *For assessment bonds, when security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.*

47. Annual Financial Reporting/Audit Requirements – (See also USDA GT&C, 6.0 FINANCIAL MONITORING) - You are required to submit an annual financial report at the end of each fiscal year. The annual report will be certified by the appropriate organization official, and will consist of financial information, a current rate schedule, and listing of board members with their terms. Financial statements must be prepared on an accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). The annual report will include separate reporting for each water and waste disposal facility, and itemized cash accounts by type (debt service, short-lived assets, etc.) under each facility. The accounting system will be reviewed by the Agency to determine that an acceptable system is in place. All records, books and supporting material are to be retained for three years after the issuance of the annual report. Technical assistance is available, at no cost, with preparing financial reports.

The type of financial information that must be submitted is specified below:

- Audits** – An audit under the Single Audit Act is required if you expend \$1,000,000 or more in Federal financial assistance per fiscal year. The total Federal funds expended from all sources shall be used to determine Federal financial assistance expended. Expenditures of interim financing are considered Federal expenditures.

See Section VI for additional information regarding audits.

- Financial Statements** – If you expend less than \$1,000,000 in Federal financial assistance per fiscal year, you may submit financial statements in lieu of an audit which include, at a minimum, a balance sheet and an income and expense statement. You may use Form RD 442-2, “Statement of Budget, Income and Equity,” and 442-3, “Balance Sheet,” or similar format to provide the financial information. The financial statements must be signed by the appropriate borrower official and submitted within 60 days of your fiscal year end.

48. Annual Budget and Projected Cash Flow - (See also USDA GT&C, 6.3 Periodic Financial Reports) - Thirty days prior to the beginning of each fiscal year, you will be required to submit an annual budget and projected cash flow to this office. The budget must be signed by the appropriate borrower official. Form RD 442-2, "Statement of Budget, Income and Equity," or similar format may be used.

Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system, as well as completing the annual budget.

49. Graduation - By accepting this loan, you are also agreeing to refinance (graduate) the unpaid loan balance in whole, or in part, upon request of the Government. If at any time the Agency determines you can obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms, you will be requested to refinance. Your ability to refinance will be assessed every other year for loans that are five years old or older.

50. Non-Agency Debt - The loan resolution requires any additional debt or liabilities from another lender related to the facility to be approved by the Agency prior to incurring the new debt or liability. The Agency staff will reassess the Agency's financial standing and security position. The additional debt or liability must be in the Government's best interest to be approved. You must submit to the Agency the required documentation for review in a sufficient amount of time, typically 30 to 90 days depending on the complexity of the transaction, for Agency consideration.

51. Security/Operational Inspections - The Agency will inspect the facility and conduct a review of your operations and records management system and conflict of interest policy every three years for the life of the loan. You must participate in these inspections and provide the required information.

52. System for Award Management. (See also USDA GT&C, 2.0 System of Award Management and Universal Identifier Requirements) - You will be required to maintain a Unique Entity ID (UEI) and maintain an active registration in the System for Award Management (SAM) database. Further information can be found at paragraph 36 of this letter.

53. Risk and Resiliency Assessment/Emergency Response Plan (RRA/ERP) - The RRA/ERP is further outlined under Section III of this letter. You will be required to submit a certification to the servicing office every three years that the RRA/ERP is current and covers all sites related to the facility. The RRA/ERP documents themselves are not submitted to the Agency. The RRA/ERP must address potential impacts from natural disasters, cybersecurity, supply chain and other emergency events. It should include plans to address impacts of flash flooding in areas where severe drought or wildfires occur. Technical assistance is available in preparing these documents at no cost to you.

54. Insurance - Insurance requirements are further outlined in Section IV of this letter. You will be required to maintain insurance on the facility and employees as previously described in this letter for the life of the loan.

55. Statutory and National Policy Requirements – (See also USDA GT&C, 12.2 Civil Rights Obligations/Nondiscrimination) - As a recipient of Federal funding, you are required to comply with U.S. statutory and public policy requirements, including but not limited to:

- a. **Section 504 of the Rehabilitation Act of 1973** – Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance.
- b. **Civil Rights Act of 1964** – All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).
- c. **The Americans with Disabilities Act (ADA) of 1990** – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications.
- d. **Age Discrimination Act of 1975** – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
- e. **Controlled Substances Act** - Even though state law may allow some activities, as a recipient of Federal funding, you are subject to the Controlled Substances Act. Specific questions about the Controlled Substances Act should be directed to the Servicing Official who will contact the Office of General Counsel, as appropriate.

56. Compliance Reviews and Data Collection – Agency financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap. You must display posters (provided by the Agency) informing users of these requirements, and the Agency will monitor your compliance with these requirements during regular compliance reviews.

As a recipient of Rural Development funding, you are required to post and use the Non-Discrimination Statement as directed by the Agency in your office and on all materials produced for public information, public education, and public distribution both print and non-print.

Currently at a minimum use the following Non-Discrimination Statement:

“This institution is an equal opportunity provider and employer.”

The Agency will conduct regular compliance reviews of the borrower and its operation in accordance with the Age Discrimination Act of 1975, as amended; the Americans with Disabilities Act of 1990, as amended; the Americans with Disabilities Amendments Act of 2008, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; Title VI of the Civil

Rights Act of 1964, 42 U.S.C. 2000d, as amended; Title VIII of the Civil Rights Act of 1968, as amended. Compliance reviews will typically be conducted in conjunction with the security inspections described in this letter.

If beneficiaries (users) are required to complete an application or screening for the use of the facility or service that you provide, you must request and collect data by race (American Indian or Alaska Native, Asian, Black or African American, White); ethnicity (Hispanic or Latino, Not Hispanic or Latino); and by sex. The Agency will utilize this data as part of the required compliance review.

SECTION VIII – REMEDIES FOR NON-COMPLIANCE

Non-compliance with the conditions in this letter or requirements of your security documents will be addressed under the provisions of Agency regulations, statutes, and other applicable policies.

We look forward to working with you to complete this project. If you have any questions, please contact Jennifer Strauch at (530) 708-6242 or by e-mail at jennifer.strauch@usda.gov.

Sincerely,

JENNIFER Digitally signed by
JENNIFER STRAUCH
STRAUCH Date: 2026.09.23
13:17:00 -07'00'

Jennifer Strauch
Community Programs Specialist

Attachments

cc: Antonio Ybarra, California Acting Program Director, Water & Environmental Programs,
Rural Development
Kimberly Coronel, California State Engineer, Rural Development
Chris Davis, Director of Public Works, City of Weed
Curtis Paget, Senior Engineer, Pace Engineering

Appendix A - Build America, Buy America Evidence Standards

FORMS, BULLETINS and LINKS:

Internal Revenue Service Form 1023, Appendix A, "Sample Conflict of Interest Policy" - Item

17

Form RD 440-22, "Promissory Note" – Item 6

Form RD 442-2, "Statement of Budget, Income and Equity" – Items 47 and 48

Form RD 442-3, "Balance Sheet" – Item 47
Form RD 442-7, "Operating Budget" – Item 22
Form RD 442-20, "Right-of-Way Easement" – Item 16
Form RD 442-21, "Right-of-Way Certificate" – Item 16
Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" – Item 16
Form RD 1927-9, "Preliminary Title Opinion" – Item 16
Form RD 1927-10, "Final Title Opinion" – Item 30
Form RD 1940-1, "Request for Obligation of Funds" – Pages 1 and 2
Form RD 1942-8, "Resolution of Members or Stockholders" – Item 6
Form RD 1942-46, "Letter of Intent to Meet Conditions" – Page 2
Form RD 3550-28, "Authorization Agreement for Preauthorized Payments" – Item 35
Form UCC-1, "Financing Statement" – Item 6
Form UCC-1Ad, "UCC Financing Statement Addendum" – Item 6

SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form" – Item 26
RUS Bulletin 1780-7, "Legal Services Agreement" – Item 15
RUS Bulletin 1780-9, "Water Users Agreement" - Items 17 and 19
RUS Bulletin 1780-12, "Water and Waste System Grant Agreement" – Item 6
RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Documents on Water and Waste
Projects with RUS Financial Assistance" – Items 12 and 13
RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)" – Item 6
RUS Bulletin 1780-28, "Loan Resolution Security Agreement" – Item 6

USDA GT&C

<https://www.usda.gov/sites/default/files/documents/usda-general-terms-conditions-2025.pdf>

Appendix A

Build America, Buy America Evidence Standards

Manufacturers

For each item to which BABA applies (every item permanently installed on the project, except for aggregate and aggregate binding materials), a manufacturer's certification letter or other document demonstrating compliance is required. It must, at a minimum, identify the item being certified (short written description as well as part number, if applicable) and affirm that the item complies with BABA. This document must be signed by an authorized company representative.

Architects and Engineers

Compliance with BABA will be spelled out in agreements for services, construction contracts, and procurement contracts. Generally, the A/E contract should include, as a basic service, obtaining and maintaining all BABA documentation (particularly manufacturers' certifications) during construction, which shall be transferred to the Owner upon completion of the project. The architect or engineer will need to certify to this action at the project's end.

Resident Project Representative / Resident Inspector

As part of their duties, Resident Project Representative/Resident Inspector should be instructed to verify items delivered to the site and installed are accompanied by documentation of compliance with BABA. They should photograph items as appropriate. RPR/RI daily logs and photographs will become part of the construction record and can be used as supporting information during audits, providing evidence for items that are buried or otherwise inaccessible.

Contractors

Construction contract(s) must include a requirement to procure and install only items that comply with BABA or are subject to an approved waiver. Contractors must provide manufacturers' certifications for all BABA compliant items to the responsible party before a request for reimbursement to the Agency is made. At completion, the contractor will be required to certify that all items used on the contract complied with BABA and that all manufacturers' certifications were provided.

LETTER OF INTENT TO MEET CONDITIONS

Date _____

TO: United States Department of Agriculture

Rural Development

(Name of USDA Agency)

221 W 8th St
Alturas, CA 96101_____
(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated 09-23-2026. It is our intent to meet all of them not later than 09-23-2029.

City of Weed

(Name of Association)

BY _____

Dr. Dustin Stambaugh, City Manager

(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.

Request for Obligation of Funds

1. Borrower Name	City of Weed	5. Case/Borrower Number	SI 04 CO 047 BORROWER ID 834047197
2. Borrower Address	PO Box 470	6. Type of Applicant	Public Body
3. City, State, Zip Code	Weed, CA 96094-0470	7. Collateral Code	Secured By Bonds
4. County Name	Siskiyou	8. Community Size / Service Area	10,000 or less
9. Amount of Loan	\$1,774,000.00	13. Interest Rate	2.875 %
10. Amount of Grant	\$3,322,000.00	14. Repayment Terms (years)	40
11. Type of Assistance Code	068	15. Type of Payment	Annually
12. Fiscal Year	2026	16. Kept blank for future use	

17. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL:

Letter of Conditions dated 9/23/2026

18. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time (as applicable in accordance with program regulations), I agree to use the sum specified herein, subject to and in accordance with regulations and applicable to the type of assistance indicated above, and request payment of such sum, I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan/grant closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan/grant approval requirements and comments associated with this loan/grant request and agree to comply with these provisions.

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes use of any false writing or document know the same to contain any false fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

(For loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO" the interest rate charged on my loan will be the rate specified on this form. ☒ YES ☐ NO ☐ N/A-Grant Only

(Date)
City of Weed
(Organization Name)

(Signature of Authorized Representative)
Dr. Dustin Stambaugh, City Manager
(Typed or Printed Name and Title of Authorized Representative)

For Internal Use Only

19. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

(Date)
(Typed or Printed Name of Approving Official)

(Signature of Approving Official)
(Title)

Obligation Date for Obligation ID _____

20. TO THE APPLICANT: As of this date _____, this notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions, contact the appropriate USDA Servicing Office.

Request for Obligation of Funds

1. Borrower Name	City of Weed	5. Case/Borrower Number	ST 04 CO 047 BORROWER ID 834047197
2. Borrower Address	PO Box 470	6. Type of Applicant	Public Body
3. City, State, Zip Code	Weed, CA 96094-0470	7. Collateral Code	Blank
4. County Name	Siskiyou	8. Community Size / Service Area	10,000 or less
9. Amount of Loan	\$0.00	13. Interest Rate	0 %
10. Amount of Grant	\$2,000,000.00	14. Repayment Terms (years)	n/a
11. Type of Assistance Code	924	15. Type of Payment	N/A - Grant Only
12. Fiscal Year	2026	16. Kept blank for future use	

17. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL:

Letter of Conditions dated 9/23/2026

18. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time (as applicable in accordance with program regulations). I agree to use the sum specified herein, subject to and in accordance with regulations and applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan/grant closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan/grant approval requirements and comments associated with this loan/grant request and agree to comply with these provisions.

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes use of any false writing or document known to be false, or otherwise, that contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

(For loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO" the interest rate charged on my loan will be the rate specified on this form. ☐ YES ☐ NO ☒ N/A-Grant Only

(Date)
City of Weed

(Organization Name)

(Signature of Authorized Representative)
Dr Dustin Stambaugh, City Manager

(Typed or Printed Name and Title of Authorized Representative)

For Internal Use Only

19. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

(Date)

(Typed or Printed Name of Approving Official)

(Signature of Approving Official)

(Title)

Obligation Date for Obligation ID _____

20. TO THE APPLICANT: As of this date _____, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions, contact the appropriate USDA Servicing Office.