



McCloud Community Services District

220 West Minnesota Avenue P.O. Box 640

McCloud, California 96057

Phone (530) 964-2017 Fax (530) 964-3175 e-mail mcsd@ci.mccloudcsd.ca.us

REGULAR MEETING OF THE BOARD OF DIRECTORS

SCOUT HALL - 405 E. COLOMERO DRIVE

September 27, 2021, at 6:00 PM

AGENDA

The McCloud Community Services District welcomes you to this meeting. This agenda contains brief general descriptions of each item to be considered at this meeting by the Board of Directors. If you wish to speak on an item on the agenda, you will be provided the opportunity to do so prior to consideration of the item by the Board. If you wish to speak on an item that is not on the agenda, you are welcome to do so during the Public Comment portion of the meeting. Persons addressing the Board will be asked to step up to the podium and will be limited to three minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board. When addressing the Board, please state your name for the record prior to providing your comments. Please address the board as a whole through the President. Comments to individual Board members or staff are not permitted.

All documentation supporting the items on this agenda are available for public review in the District office, 220 W. Minnesota Avenue, McCloud CA 96057, during normal business hours of 9:00 a.m. to 12noon and 1:00 pm to 4:00 p.m. Monday through Friday.

In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the District office 48 hours prior to the meeting at (530) 964-2017.

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Approval of Minutes: Discussion/action** regarding approval of the minutes of the Regular Meeting of September 13, 2021
4. **Announcement of Events:**
5. **Communications:**
6. **Consent Agenda:**
 - A. Approval of Expenses in the amount of \$25,993.32
7. **Old Business:**
 - A. **Discussion/possible action** regarding the second reading of MCS D Policy 4060 Committees of the Board of Directors
 - B. **Discussion/possible action** regarding the Pacific Power bill for the Fire Department
8. **New Business:**
 - A. **Discussion/possible action** regarding the Storage of Fire Apparatus at Mt. Shasta Forest Hose Company Warehouse
 - B. **Discussion/possible action** regarding Resolution No. 7, 2021 An Authorizing Resolution for Improving Water Facilities
 - C. **Discussion/possible action** regarding Five Star bank loan transfers
 - D. **Discussion/possible action** regarding Resolution No. 8, 2021 of the McCloud Community Services District authorizing the execution and delivery by the district of an installment

purchase contract and authorizing the execution of other necessary documents and related actions. (Refuse)

E. Discussion/possible action regarding Resolution No. 9, 2021 of the McCloud Community Services District authorizing the execution and delivery by the district of an installment purchase contract and authorizing the execution of other necessary documents and related actions.(Water)

F. Discussion/possible action regarding Resolution No. 10, 2021 of the McCloud Community Services District authorizing the execution and delivery by the district of an installment purchase contract and authorizing the execution of other necessary documents and related actions.(Sewer)

G. Discussion/possible action regarding funding for Fire Department Payroll-see cash flow statement

H. Discussion/possible action regarding the transfer of cash to the Operating Reserves-see cash flow statement

I. Discussion of Mud Creek excavation costs-see cash flow statement

9. Public Comment: This time is provided to receive information from the public regarding issues that **do not** appear on the agenda (persons addressing the Board will be asked to step up to the podium and will be limited to three minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board).

10. Adjourn open session

11. Public Comment: This time is provided to receive information from the public regarding issues that **do** appear on the agenda.

12. Convene a Closed Session: Pursuant to California Government Code §54954.5 and §54957 Public Employee Performance Evaluation, Title: General Manager

13. Reconvene open session and announce any action taken.

MCSD Mission Statement

McCloud Community Services District will strive to provide the full range of municipal services, at a reasonable cost applied consistently to all customers, while maintaining a healthy infrastructure and environmental integrity.

**MINUTES OF A
REGULAR MEETING OF THE BOARD OF DIRECTORS
Scout Hall-405 E. Colombero, McCloud California
September 13, 2021**

A Regular meeting of the Board of Directors of the McCloud Community Services District was called to order at 6:03 p.m. at the Scout Hall. Five Directors (Richey, Hanson, Young, Zanni, Rorke) were present. Also, present were General Manager Amos McAbier, Fire Chief Charlie Miller, Finance Officer Mike Quinn, and District Secretary Andrea Mills. Public Works Superintendent Richie Fesler was absent.

1. Call to Order at 6:03 PM

2. Pledge of Allegiance

3. Approval of Minutes:

A. Discussion/action regarding approval of the minutes of the Regular Meeting of August 23, 2021

M. Rorke made a motion to approve the Minutes of the Regular Meeting of August 23, 2021; seconded by M. Hanson. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)

B. Discussion/action regarding approval of the minutes of the Special Meeting of August 26, 2021

M. Rorke made a motion to approve the Minutes of the Special Meeting of August 26, 2021; seconded by M. Hanson. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)

4. Announcement of Events:

Chief Miller announced that Morgan Miller will be leaving for college September 14th!

5. Communications: None

6. Reports:

A. General Manager-Verbal report on grant funding opportunities

Amos McAbier reported that he is continuing to apply for grant funding for planning and drought relief. He is also working with the Fire Safe council to plan a possible fuel break for our pipeline. Planning and reports are scheduled to begin for the Lower Elk Springs project.

B. Finance Officer- no report

C. Fire Chief

Chief Miller provided his thorough report and added that Firefighters and their department vehicles have been assisting at the Antelope Fire and will continue for another two weeks creating additional income for the Department.

D. Public Works Superintendent- Verbal report

In R. Fesler's absence, Amos McAbier gave information about Mud Creek. Significant amounts of debris have been moved creating a wider, deeper path for mud flows. Unfortunately, increased mud flow and rains could put the pipeline at risk again.

E. Directors-

No reports

F. Committees

Finance and Audit Committee meetings will now be at 4:00 PM. Last meeting discussed lights and alleys.

Old McCloud Courthouse Project Committee will meet next week on September 22. R. Zanni reminded the community that they need volunteers and donations to complete the project.

7. Consent Agenda:

A. Approval of Expenses in the amount of \$6,253.77

R. Zanni made a motion to approve the expenses in the amount of \$6,253.77 minus a duplicate live scan receipt and an investigation of the high FD Pacific Power bill.; seconded by C. Richey. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)

B. Approval of Expenses in the amount of \$5,900.00

C. Richey made a motion to approve the expenses in the amount of \$5,900.00; seconded by C. Young. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)

C. Approval of Expenses in the amount of \$33,689.90

C. Richey made a motion to approve the expenses in the amount of \$33,689.90; seconded by M. Rorke. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)

8. Old Business:

A. Discussion/possible action regarding the second reading of MCSD Policy 7000 Fire Department Membership.

C. Young made a motion to approve the first reading of MCSD Policy 7000 Fire Department Membership; seconded by M. Rorke. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)

B. Discussion/possible action regarding the second reading of MCSD Policy 7030 Fire Vehicle Operations

Tabled- original copy, not amended, included in the agenda package.

- C. Discussion/possible action** regarding the second reading of MCSD Policy 3435 Debt Management
C. Richey made a motion to approve the second reading of MCSD Policy 3435 Debt Management; seconded by C. Young. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)
- D. Discussion/possible action** regarding the Staff Report for Ordinance Amending Ordinance 27- Rules and Regulations Relating to Water Service.
Tabled- Will be reviewed at a Water Bottling Ad-hoc committee meeting to be announced
- E. Discussion/possible action** regarding the first reading of Proposed Ordinance No. 29 Amending Ordinance No. 27- Rules and Regulations Relating to Water Service.
Tabled- Will be reviewed at a Water Bottling Ad-hoc committee meeting to be announced
- F. Discussion/possible action** regarding approval of first reading of Revised Ordinance 27 - Rules and Regulations Relating to Water Service.
Tabled- Will be reviewed at a Water Bottling Ad-hoc committee meeting to be announced
- G. Discussion/possible action** regarding approving funding source to cover the associated cost of equipment rental and equipment operator to protect the Upper Elk waterline crossing Mud Creek.
Tabled pending further information. To be discussed at the Finance and Audit Committee meeting on the 20th.

9. New Business:

- A. Discussion/possible action** regarding Resolution No. 6
A resolution of the Board of Directors of the McCloud Community Services District adopting policy 3435 Debt Management.
R. Zanni made a motion to approve Resolution No. 6. A resolution of the Board of Directors of the McCloud Community Services District adopting policy 3435 Debt Management; seconded by M. Hanson. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)
- B. Discussion/possible action** regarding Purchasing 2008 Chevy Tahoe for the Fire Department with specifically donated funding.
M. Hanson made a motion to approve the purchase of the 2008 Chevy Tahoe for the Fire Department with specifically donated funding; seconded by M. Rorke. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)
- C. Discussion/possible action** regarding accepting the FEMA - SAFER (Staffing for Adequate Fire and Rescue Response) grant for \$460,000.00
M. Hanson made a motion to accept the FEMA - SAFER (Staffing for Adequate Fire and Rescue Response) grant for \$435,340.50; seconded by R. Zanni. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)

D. Discussion/possible action regarding the first reading of MCSD Policy 4060 Committees of the Board of Directors

M. Rorke made a motion to approve the first reading of MCSD Policy 4060 Committees of the Board of Directors; seconded by C. Richey. Motion passed with 5 Ayes (Young, Richey, Zanni, Hanson, Rorke)

10. Public Comment: This time is provided to receive information from the public regarding issues that **do not** appear on the agenda (persons addressing the Board will be asked to step up to the podium and will be limited to three minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board).

11 Adjourn at 8:14 PM

Catherine Young/President of the Board

Andrea Mills/Secretary of the Board

BANNER BANK

* ... Over spent expenditure

Claim/ Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
10323	1174 BARIKIEWICZ, KRONICK & SHANAHAN	Professional Services	1,313.75	****				
8922.0001	09/08/21 Professional Services		1,313.75*					
	Total for Vendor:		1,313.75					
10330	10 BAXTER AUTO PARTS	Vehicle Maintenance Supplies	224.43					
15674-4582	09/16/21 Oil Filter for Dump Truck		8.42*		725117	403000	530	101000
15674-4582	09/16/21 Air Filters for Refuse Loa		205.73*		725117	403000	530	101000
15674-4608	09/17/21 Brake Cleaner		10.28*		725117	403000	520	101000
	Total for Vendor:		224.43					
10328	1189 CRAIG MATTSON	DMV Ambulance Live Scan and MCSD Live Scan	92.00					
UPS 09/16/21	Reimburse DMV Live Scan Fees		92.00*			402000	345	101000
	Total for Vendor:		92.00					
10318	277 CROSS PETROLEUM	Fuel	1,616.10					
CH12820	09/15/21 Fire Command 1700 #11 9/4/21		61.70*			403000	430	101000
CH12820	09/15/21 Side Loader 9/07/21 19,042 mi		123.24*			403000	420	101000
CH12820	09/15/21 Side Loader 9/14/21 19,175 mi		113.46*			403000	420	101000
CH12820	09/15/21 Fire Engine 1712 9/14/21		67.54*			403000	420	101000
CH12820	09/15/21 Fire Engine 1712 9/15/21		109.99*			403000	420	101000
CH12820	09/15/21 Fire Cmmnd 1700 9/06/21 GasCa		1.69*			403000	430	101000
CH12820	09/15/21 Fire Command 1711 9/06/21		32.98*			403000	420	101000
CH12820	09/15/21 Fire Command 1711 9/11/21		76.79*			403000	420	101000
CH12820	09/15/21 Fire Air Cmprsr 9/14/21		13.85*			403000	420	101000
CH12820	09/15/21 Fire Medic 17 9/06/21		42.40*			403000	420	101000
CH12820	09/15/21 Fire Medic 17 9/11/21		67.49*			403000	420	101000
CH12820	09/15/21 Fire Engine 1712 9/03/21		16.51*			403000	420	101000
CH12820	09/15/21 Fire Engine 1712 9/03/21		59.08*			403000	420	101000
CH12820	09/15/21 Fire Engine 1712 9/05/21		26.15*			403000	420	101000
CH12820	09/15/21 Fire Engine 1712 9/05/21		53.53*			403000	420	101000
CH12820	09/15/21 Fire Engine 1712 9/05/21		154.27*			403000	420	101000
CH12820	09/15/21 Fire Engine 1712 9/05/21		49.76*			403000	420	101000

3000 - 402000 - 390
1010 - 402000 - 390
- \$543.25
- 770.00

Needs Break Down
Water & General

BANNER BANK
* ... Over spent expenditure

Claim/	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
		CL12820 09/15/21 Fire Engine 1712 9/06/21		57.05*			403000	420	101000
		CL12820 09/15/21 Fire Engine 1712 9/06/21		66.34*			403000	420	101000
		CL12820 09/15/21 Fire Engine 1712 9/07/21		37.37*			403000	420	101000
		CL12820 09/15/21 Fire Engine 1712 9/09/21		96.43*			403000	420	101000
		CL12820 09/15/21 Fire Engine 1712 9/09/21		43.86*			403000	420	101000
		CL12820 09/15/21 Fire Engine 1712 9/10/21		52.45*			403000	420	101000
		CL12820 09/15/21 Fire Engine 1712 9/11/21		36.09*			403000	420	101000
		CL12820 09/15/21 Fire Engine 1712 9/12/21		78.42*			403000	420	101000
		CL12820 09/15/21 Fire Engine 1712 9/13/21		77.66*			403000	420	101000
		Total for Vendor:		1,616.10					
10319		42 DON R ERICKSON OIL		601.50					
		Dyed Diesel 175 gal @ \$3.199 (District Office)							
		180913 09/10/21 Dyed Diesel 175 gal @ \$3.199		601.50*			403000	420	101000
		Total for Vendor:		601.50*					
		*** Claim from another period (8/21) ****							
10326		71 FIRST BANKCARD - DIRECTORS 2		48.53					
		August Credit Card Activity							
		Manfredi's 08/10/21 Gas-Del Wtr Smp1-Rdg		30.00*			403000	430	101000
		Reginato's 08/18/21 DEF for RL Refuse Truck		8.51*			403000	420	101000
		Reginato's 09/02/21 DEF-CAT336 Mud Crk Proj		10.02*			403000	420	101000
		Total for Vendor:		48.53					
		*** Claim from another period (8/21) ****							
10325		70 FIRST BANKCARD - DISTRICT CARD		824.72					
		August Credit Card Activity							
		08/07/21 Enplan (IT Service)		29.00*			402000	396	101000
		08/09/21 Squarespace, Inc (New Dist Web		172.80*		725170	402000	396	101000
		Cheveron 08/12/21 Silver Ford - Gas		135.92*			403000	430	101000
		08/21/21 Microsoft (IT Service)		200.00*			402000	396	101000
		08/23/21 USPO-Stamps for Office		55.00*			403000	411	101000
		08/30/21 USPO-Stamps for Office		232.00*			403000	411	101000
		Total for Vendor:		824.72					
		*** Claim from another period (8/21) ****							
10327		69 FIRST BANKCARD - FIRE DEPT		2,471.62					
		August Fire Dept Credit Card Activity							
		Pine Grove 08/11/21 Fire Engine 1711 Fuel		125.00*		725152	403000	420	101000
		Solano-NAP 08/11/21 Hrdwr & Tools-Sta. 17		101.76*		724627	403000	520	101000

BANNER BANK

* ... Over spent expenditure

Claim/	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
		O'Reilly A 08/18/21 Fuse Kit		18.26*		725153	1040 403000	530	101000
		Amazon 08/19/21 Supplies		51.04*			1040 403000	400	101000
		Amazon 08/19/21 Dual Band Radio Antenna		40.74*		724618	1040 403000	530	101000
		Amazon 08/19/21 Vehicle Radios. Push Brooms		250.94*		725028	1040 403000	530	101000
		Signarama 08/20/21 Vehicle Stickers 1711/1700		318.41*		724621	1040 403000	530	101000
		Neobits 08/21/21 Chgr PODS (Radio Parts)		63.30*		725147	1040 403000	400	101000
		Ace Hdwr 08/26/21 Paint for New Tools		69.78*		724628	1040 403000	520	101000
		Solano's 08/27/21 Keys for Engine 1715		12.84*		724624	1040 403000	400	101000
		Reginato's 08/27/21 Fuel		7.36*			1040 403000	430	101000
		Chevron 08/30/21 Fire Engine 1711		75.35*		725026	1040 403000	420	101000
		Amazon 08/30/21 Supplies		72.88*			1040 403000	400	101000
		Amazon 08/30/21 Supplies		145.88*			1040 403000	400	101000
		Newegg 09/01/21 Computer Monitors		417.53*		724626	1040 402000	396	101000
		Chevron 09/01/21 Engine 1712 Fuel Can		8.39*			1040 403000	430	101000
		Chevron 09/01/21 Fire Engine 1715-Antelope-Fue		95.33*		725148	1041 403000	420	101000
		Walmart 09/07/21 Tent for Out-O-Area Responses		27.82*		725154	1040 403000	400	101000
		O'Reilly 09/05/21 Cheve Tahoe Battery& glas cl		569.01*		725024	1040 403000	530	101000
		Total for Vendor:		2,471.62					
10332		Excavator-Mud Creek Slide	243 I-5 RENTALS	15,867.59					
		129368 09/14/21 Excavator 8/16-9/4/21		15,867.59*			5002 402000	392	101000
		Total for Vendor:		15,867.59					
10331		Water	396 JW WOOD	1,264.62					
		Connection Parts							
		R737862 09/14/21 Tapped Saddle for H2O Svc Con		335.49*		725116	3000 403000	400	101000
		R739095 09/17/21 Elbows, FIP, PRV		929.13*		724973	3000 403000	400	101000
		Total for Vendor:		1,264.62					
10320		1 Year Mt Shasta Herald Subscription to 10/8/22	107 MT SHASTA AREA NEWSPAPERS -	39.00					
		ac#407483 08/25/21 Annual MS Herald Subscripti		39.00*			1010 402000	330	101000
		Total for Vendor:		39.00					

09/22/21
 10:34:31

BANNER BANK

* ... Over spent expenditure

Claim/	Check	Invoice #/Name/ #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
10322	Legal	1092 Prentice Long, PC	70.00			1010	402000 390	101000
		4527 09/01/21 Legal Consult	70.00*					
		Total for Vendor:	70.00					
		*** Claim from another period (8/21) ****						
10304	Color	342 RAY MORGAN COMPANY	887.79			1010	403000 410	101000
		3436928 09/01/21 Color Copies 6/1-8/31/21	887.79*					
		Total for Vendor:	887.79					
10309	Sep	1048 Silver Rockets	50.00			1010	402000 396	101000
		WordPress Monthly Maintenance (FINAL BILL)						
		001003 09/10/21 Sep WordPress Monthly Maintena	50.00*					
		Total for Vendor:	50.00					
10321	Recharging	151 SISKIYOU FIRE EQUIPMENT	192.00			1010	402000 365	101000
		District Fire Extinguishers						
		19972 09/10/21 Shop Fire Extinguishers	40.00*					
		19973 09/10/21 Equipment Fire Extinguishers	56.00*			1010	402000 365	101000
		19974 09/10/21 Park Fire Extinguishers	16.00*			1070	402000 365	101000
		19974 09/10/21 Scout Hall Fire Extinguishers	3.20*			1010	402000 365	101000
		19974 09/10/21 Scout Hall Fire Extinguishers	12.80*			1070	402000 365	101000
		19974 09/10/21 Library Fire Extinguishers	16.00*			1080	402000 365	101000
		19975 09/10/21 MCSD Office Fire Extinguishers	48.00*			1010	402000 365	101000
		Total for Vendor:	192.00					
10329	Fuel	1161 Trent Vogus	109.81			1041	403000 420	101000
		for Fire Engine 1711 while on mutual aid fire response						
		Merrill,OR 09/09/21 Reimb Fuel-'05 pierce 9/9/	109.81*					
		Total for Vendor:	109.81					
		*** Claim from another period (8/21) ****						
10324	August	255 VERIZON WIRELESS - MCSD	319.86			1010	402000 320	101000
		Cell Phones						
		9887458069 09/23/21 August Cell Phones	120.03*			1010	402000 320	101000
		9887458069 09/23/21 Pws, On Call, GM Phones	100.05*			1010	402000 320	101000
		9887458069 09/23/21 Fire Chief, Ambulance Phon	99.78*			1040	402000 320	101000
		Total for Vendor:	319.86					
		# of Claims	17					
		Total:	25,993.32					

Fund/Account	Amount
1010 GENERAL	
101000 Operating Cash	\$4,036.82
1040 FIRE	
101000 Operating Cash	\$2,991.47
1041 FIRE - FSLA	
101000 Operating Cash	\$1,161.14
1070 PARKS	
101000 Operating Cash	\$28.80
1080 LIBRARY	
101000 Operating Cash	\$16.00
1090 REFUSE	
101000 Operating Cash	\$450.94
3000 WATER	
101000 Operating Cash	\$1,430.54
5002 Mud Creek Restoration	
101000 Operating Cash	\$15,877.61
Total:	\$25,993.32

09/22/21
10:34:32

MCCLOUD COMMUNITY SERVICES DISTRICT
Claim Approval Signature Page
For the Accounting Period: 9 / 21

Page: 7 of 7
Report ID: AP100A

The foregoing claims are approved for payment in the manner provided by Resolution #3, dated November 8, 1965."

Prepared by: Keith Anderson _____

Reviewed by: *[Signature]* _____

Claims Total: \$25,993.32
Signature #1

Signature #2

Signature #4

Signature #3

Signature #5

McCLOUD COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: Committees of the Board of Directors
POLICY NUMBER: 4060
ADOPTED: September 23, 2002
REVIEWED: 02/27/14, 08/21/19, 01/21/20, *09/08/21*
REVISED: 03/24/14, 09/23/19, 02/10/20, *Final Date*

4060.10 The Board President shall appoint such ad hoc committees as may be deemed necessary or advisable. The duties of the ad hoc committees shall be outlined at the time of appointment and the committee shall be considered dissolved when its final report has been made.

4060.20 The following shall be standing committees of the Board:

4060.21 Policy Review Committee

4060.22 Safety Committee

4060.23 Public Works Committee

4060.24 Finance and Audit Committee

4060.25 Old McCloud Courthouse Project

4060.26 Fire and Ambulance Committee

4060.30 The Board President shall appoint and publicly announce the members of the standing committees for the ensuing year no later than the Board's regular meeting in January. *Each standing committee shall consist of two Board members.* The chair of each committee will establish and announce a yearly meeting schedule at the next regular meeting of the Board of Directors.

4060.40 The Board's standing committees may be assigned to review District functions, activities, and/or operations pertaining to their designated concerns, as specified below. Said assignment may be made by the Board President, a majority vote of the Board, or on their own initiative. Any recommendations resulting from said review shall be submitted to the Board via a written or oral report.

4060.50 All meetings of standing committees shall comply with applicable open meeting laws (e.g. the "Brown Act").

4060.60 The Board's standing Policy Review Committee shall be concerned with proposed ordinances and/or District policies.

4060.70 The Board's standing Safety Committee shall be concerned with review, update and performance of the District safety and other liability reduction programs.

MCSD Policy 4060 – Committees of the Board of Directors

4060.80 The Board's standing Public Works Committee shall be concerned with developing facility improvement plans.

4060.90 The Board's standing Finance and Audit Committee shall be concerned with the financial management of the District, including assisting the preparation of an annual budget and major expenditures.

4060.100 The Board's standing Old McCloud Courthouse Project Committee shall be concerned with the rehabilitation of the building and keeping the rehabilitation to as close as possible to the building's original condition. Funding for the courthouse restoration is comprised solely of donated funds.

4060.110 The Board's standing Fire and Ambulance Committee shall review and evaluate all components of the MCSD Fire Department and Ambulance Service.

MCCLOUD COMMUNITY SERVICES DISTRICT

Vendor Detail Query

For claims processed from: 1/21 to 9/21

Doc #	Invoice #/Description	Claim Date	Check Date	Amount	Inv Date	Acct. Period	PO #	Fund Org	Acct	Object Proj
	Vendor #/Name: 120 PACIFIC POWER - 001 7 FIRE									
CL 9879	1 0017 SHOP-AREA LIGHT	02/02/21	39490 02/08/21	35.87	01/26/21	1/21		1010	403000	450
CL 9879	2 0017 LIBRARY-AREA LIGHT	02/02/21	39490 02/08/21	17.93	01/26/21	1/21		1080	403000	450
CL 9879	3 0017 SHOP	02/02/21	39490 02/08/21	43.01	01/26/21	1/21		1010	403000	450
CL 9879	4 0017 DIST OFFICE	02/02/21	39490 02/08/21	153.33	01/26/21	1/21		1010	403000	450
CL 9879	5 0017 FIRE	02/02/21	39490 02/08/21	198.44	01/26/21	1/21		1040	403000	450
CL 9879	6 0017 FIRE-AMBULANCE STORAGE	02/02/21	39490 02/08/21	76.58	01/26/21	1/21		1040	403000	450
CL 9879	7 0017 LIBRARY	02/02/21	39490 02/08/21	63.28	01/26/21	1/21		1080	403000	450
CL 9936	1 218517 Power bill shop	03/04/21	39530 03/08/21	75.52	02/17/21	2/21		1010	403000	450
CL 9936	2 218517 Power bill office	03/04/21	39530 03/08/21	147.60	02/17/21	2/21		1010	403000	450
CL 9936	3 218517 Power bill library	03/04/21	39530 03/08/21	71.59	02/17/21	2/21		1080	403000	450
CL 9936	4 218517 Power bill Fire depa	03/04/21	39530 03/08/21	240.05	02/17/21	2/21		1040	403000	450
CL 9963	1 0017 Shop	03/24/21	39568 04/12/21	77.11	03/18/21	3/21		1010	403000	450
CL 9963	2 0017 District Office	03/24/21	39568 04/12/21	143.04	03/18/21	3/21		1010	403000	450
CL 9963	3 0017 Library	03/24/21	39568 04/12/21	79.71	03/18/21	3/21		1080	403000	450
CL 9963	4 0017 Fire	03/24/21	39568 04/12/21	235.78	03/18/21	3/21		1040	403000	450
CL 10050	1 0017 SHOP	05/05/21	39624 05/10/21	71.88	04/16/21	4/21		1010	403000	450
CL 10050	2 0017 LIBRARY	05/05/21	39624 05/10/21	74.41	04/16/21	4/21		1080	403000	450
CL 10050	3 0017 DISTRICT OFFICE	05/05/21	39624 05/10/21	112.16	04/16/21	4/21		1010	403000	450
CL 10050	4 0017 FIRE	05/05/21	39624 05/10/21	237.75	04/16/21	4/21		1040	403000	450
CL 10096	1 0017 SHOP	05/25/21	39673 06/10/21	73.26	05/17/21	5/21		1010	403000	450
CL 10096	2 0017 OFFICE	05/25/21	39673 06/10/21	115.06	05/17/21	5/21		1010	403000	450
CL 10096	3 0017 LIBRARY	05/25/21	39673 06/10/21	70.75	05/17/21	5/21		1080	403000	450
CL 10096	4 0017 FIRE	05/25/21	39673 06/10/21	222.17	05/17/21	5/21		1040	403000	450
CL 10144	1 0017 Shop	06/29/21	39718 07/08/21	69.31	06/16/21	6/21		1010	403000	450
CL 10144	2 0017 Office	06/29/21	39718 07/08/21	120.69	06/16/21	6/21		1010	403000	450
CL 10144	3 0017 Fire Station	06/29/21	39718 07/08/21	440.45	06/16/21	6/21		1040	403000	450
CL 10144	4 0017 Ambulance	06/29/21	39718 07/08/21	54.80	06/16/21	6/21		1040	403000	450
CL 10144	5 0017 Library	06/29/21	39718 07/08/21	77.60	06/16/21	6/21		1080	403000	450
CL 10259	1 0017 Shop	08/23/21	1036 08/23/21	71.88	07/16/21	7/21		1010	403000	450
CL 10259	2 0017 Office	08/23/21	1036 08/23/21	184.62	07/16/21	7/21		1010	403000	450
CL 10259	3 0017 Library	08/23/21	1036 08/23/21	70.90	07/16/21	7/21		1080	403000	450
CL 10259	4 0017 Fire	08/23/21	1036 08/23/21	628.57	07/16/21	7/21		1040	403000	450
CL 10292	1 0017 Shop	09/07/21	1067 09/13/21	74.75	08/24/21	8/21		1010	403000	450
CL 10292	2 0017 Office	09/07/21	1067 09/13/21	154.42	08/24/21	8/21		1010	403000	450
CL 10292	3 0017 Fire Station	09/07/21	1067 09/13/21	402.82	08/24/21	8/21		1040	403000	450
CL 10292	4 0017 Ambulance	09/07/21	1067 09/13/21	144.53	08/24/21	8/21		1040	403000	450
CL 10292	5 0017 Library	09/07/21	1067 09/13/21	77.71	08/24/21	8/21		1080	403000	450
	Total:			5,209.33						

Grand Total: 5,209.33



**MT. SHASTA FOREST
PROPERTY OWNERS' ASSOCIATION, INC
424 MAIN ST, SUITE C
PO BOX 216
MCCLOUD CA 96057
530-964-2111**

September 7, 2021

McCloud Community Services District
Attention: Board of Directors
PO Box 640
McCloud, CA 96057

Re: Mt. Shasta Forest Property Owners Association - Request to Store Fire Response Equipment at our Hose Company Warehouse

This letter is a request to the McCloud Community Services District Board to store (free of charge) any possible Fire or EMS Response Vehicles that may assist in the protection of the Mount Shasta Forest Properties, our residents, and to provide secure storage of your equipment. Our property owner's association has a large warehouse that was built with storage of fire apparatus in mind. It would be a perfect place to house your Engine 1715, that we read was recently placed into reserve status and is currently stored at our building, as a line of defense to aid in a better response time, protection of the McCloud area, as well as the area of the Mt. Shasta Forest Association and in the event that the Antelope Fire burns through contingency lines and is a threat to our respective communities.

We have approached Chief Miller and your Fire Committee about this subject, both of which expressed interest in our offer. Please see the attached Storage Agreement. You will note that we would donate the space free of charge in the hopes that storing your apparatus in our warehouse would be mutually beneficial.

Should you have any questions, please contact us at:

Mt. Shasta Forest Property Owners Association
Board of Directors
PO Box 216
McCloud, CA 96057
(530) 964-2111

Kind Regards,

Barb Lamb
President, MSFPOA

STORAGE AGREEMENT

THIS STORAGE AGREEMENT (“Agreement”) is made by and between the Mount Shasta Forest Property Owners Association (MSFPOA) and the McCloud Community Services District & Fire Department. (“MCSD”).

WHEREAS MSFPOA provides a warehouse in the Mount Shasta Forest Estates in McCloud, CA for the intermittent storage of fire response vehicles, and

WHEREAS MCSD wishes to store property owned or controlled by the MCSD at the MSFPOA warehouse specified in this Agreement,

NOW, THEREFORE, the parties agree:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:
 - (a) “Property” means items stored by MCSD in the Warehouse.
 - (b) “Warehouse” means the steel construction building at the corner of Timberline Court and Winton Way in the Mount Shasta Forest Estates.
 - (c) “Premises” means the building in which the Warehouse is located, and includes parking lots, and other improvements.
 - (d) “Landlord” means the owner or other person who has the right to lease the Warehouse.
2. Storage Fees.
 - (a) ***MCSD shall pay no fees (\$0.00) to the MSFPOA*** for storage of fire response vehicles or other Fire Department property specifically designed for fire/EMS response.
3. Delivery and Removal of Property.
 - (a) MCSD may deliver and remove its property, or any portion thereof, at any time during the term of this Agreement.
 - (b) MSFPOA, its employees, and its authorized representatives may enter the Warehouse at any time to inspect the property, provided MSFPOA gives reasonable advance notice to MCSD.
4. Insurance.
 - (a) The MSFPOA will continue to carry property and liability insurance on the Warehouse.
 - (b) At all times during the term of this Agreement, MCSD shall maintain insurance on vehicles stored at the Warehouse.

5. Term and Termination.

- (a) This Agreement shall remain in effect until terminated by either party as herein provided.
- (b) Either party may terminate this Agreement without cause upon thirty (30) days' written notice. However, MCSD may terminate on less than thirty (30) day's written notice if MSFPOA so consents in writing.

6. Indemnification.

- (a) Each party shall indemnify and hold the other party harmless, as well as its officers, directors, shareholders, agents, parents and subsidiaries ("Indemnified Parties") from and against any and all liabilities, claims, damages, or costs of any kind arising out of or caused by the actions or inactions of the Indemnifying Party.

7. Increase in Fees.

- (a) MSFPOA may increase any Storage Fee only upon forty- five (45) days' written notice to MCSD. If MCSD chooses not to accept a fee increase it may terminate this Agreement. If MCSD fails to terminate within thirty (30) days of receipt of such notice MCSD shall be deemed to have accepted the increase in fees.

8. Entire Agreement.

- (a) This Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous written or oral agreement with respect to the same.

AGREED:

MSFPOA:

By: Barbara Lamb

Print & Title: Barbara Lamb, President MSFPOA

Date: September 7, 2021

MCSD:

By: _____

Print & Title: _____

Date: _____

McCLOUD COMMUNITY SERVICES DISTRICT

RESOLUTION No. 7, 2021

AUTHORIZING RESOLUTION

WHEREAS, The McCloud Community Services District is in need of improving its Water Facilities

RESOLVED BY THE Board of Directors of the McCloud Community Services District (the Entity), AS FOLLOWS:

WHEREAS, The General Manager(the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning and design of the Water Infrastructure Improvement Project (the Project)

WHEREAS, This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications,and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

WHEREAS, The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity’s responsibilities under the financing agreement, including certifying disbursement requests on behalf ofthe Entity and compliance with applicable state and federal laws.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at the meeting of the Board of Directors held on September 27, 2021.

- AYES:
- NOES:
- ABSENT:
- Abstain:

Catherine Young, President of the Board

ATTEST:

Andrea Mills, District Secretary

**INSTALLMENT PURCHASE CONTRACT
(REFUSE)**

between the

MCCLLOUD COMMUNITY SERVICES DISTRICT

and

FIVE STAR BANK

Dated as of September 1, 2021

TABLE OF CONTENTS

Page

ARTICLE I. DEFINITIONS

Section 1.01	Definitions.....	1
--------------	------------------	---

ARTICLE II. SALE AND PURCHASE OF THE PRIOR PROJECT

Section 2.01	Sale and Purchase of the Prior Project.....	6
Section 2.02	Indemnification and Expenses of the Lender	7
Section 2.03	Lender not Liable.....	7
Section 2.04	Disclaimer of the Lender	8

ARTICLE III. INSTALLMENT PAYMENTS, REVENUES AND ACCOUNTS

Section 3.01	Payment of the Installment Payments.....	8
Section 3.02	Interest Component of the Installment Payments	8
Section 3.03	Establishment of Accounts	9
Section 3.04	Pledges of Net Revenues and Other Funds; Debt Service Account	9
Section 3.05	Receipt and Deposit of Gross Revenues; Establishment and Maintenance of Accounts for Gross Revenues; Use and Withdrawal of Gross Revenues	10
Section 3.06	Investment of Funds.....	10

ARTICLE IV.

RESERVED	11
----------------	----

ARTICLE V. REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 5.01	Compliance with Installment Purchase Contract.....	11
Section 5.02	Observance of Laws and Regulations.....	11
Section 5.03	Prosecution and Defense of Suits	11
Section 5.04	Accounting Records and Statements	11
Section 5.05	Further Assurances.....	11
Section 5.06	Against Encumbrances.....	12
Section 5.07	Against Sale or Other Disposition of Property	12
Section 5.08	Against Competitive Facilities.....	12
Section 5.09	Issuance of Parity Debt	12

Section 5.10	Maintenance and Operation of the Enterprise; Budgets	13
Section 5.11	Payment of Claims	13
Section 5.12	Compliance with Contracts.....	13
Section 5.13	Insurance	13
Section 5.14	Books and Accounts; Financial Statements; Reporting Requirements	14
Section 5.15	Payment of Taxes and Compliance with Governmental Regulations	15
Section 5.16	Amounts of Rates and Charges.....	16
Section 5.17	Collection of Rates and Charges.....	16
Section 5.18	Eminent Domain Proceeds.....	16
Section 5.19	Notification of Material Adverse Effect	17
Section 5.20	Tax Covenants	17
Section 5.21	No Priority for Additional Obligations; Compliance with Parity Debt Documents.....	17
Section 5.22	Against Encumbrances.....	17
Section 5.23	Further Representations, Covenants and Warranties of the District.....	18
Section 5.24	Representations, Covenants and Warranties of the Lender	18
Section 5.25	Representations, Covenants and Warranties of the District and the Lender	19

ARTICLE VI.
PREPAYMENT OF INSTALLMENT PAYMENTS

Section 6.01	Prepayment	20
Section 6.02	Method of Prepayment.....	20
Section 6.03	Security Deposit.....	20

ARTICLE VII.
EVENTS OF DEFAULT AND REMEDIES

Section 7.01	Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities	21
Section 7.02	Application of Funds Upon Default.....	23
Section 7.03	Other Remedies of the Lender	23
Section 7.04	Non-Waiver.....	24
Section 7.05	Remedies Not Exclusive	24

ARTICLE VIII.
MISCELLANEOUS

Section 8.01	Liability of District Limited.....	24
Section 8.02	Benefits of Installment Purchase Contract Limited to Parties	25
Section 8.03	Successor Deemed Included in All References to Predecessor	25
Section 8.04	Waiver of Personal Liability	25
Section 8.05	Article and Section Headings, Gender and References	25
Section 8.06	Partial Invalidity.....	25

Section 8.07	Reserved.....	26
Section 8.08	California Law	26
Section 8.09	Notices	26
Section 8.10	Effective Date	26
Section 8.11	Execution in Counterparts.....	26
Section 8.12	Amendments	26
Section 8.13	Expenses	27
Section 8.14	Restrictions on Agreement.....	27
Section 8.15	Website Disclosure	27
Section 8.16	Judicial Reference.....	27

EXHIBIT A – DESCRIPTION OF PRIOR PROJECT
EXHIBIT B – INSTALLMENT PAYMENT SCHEDULE
EXHIBIT C – DESCRIPTION OF REFUSE TRUCKS

INSTALLMENT PURCHASE CONTRACT (REFUSE)

This **INSTALLMENT PURCHASE CONTRACT (REFUSE)**, dated as of September 1, 2021 (this “Installment Purchase Contract”), is entered into by and between the **MC CLOUD COMMUNITY SERVICES DISTRICT** (the “District”), a community services district duly organized and validly existing under the laws of the State of California (the “State”), and **FIVE STAR BANK** (the “Lender”), a banking corporation duly organized and validly existing under the laws of the State.

W I T N E S S E T H:

WHEREAS, the District is authorized by the laws of the State to acquire certain property for its trash and refuse system and to finance and refinance the acquisition and construction of such facilities through the execution of installment purchase contracts;

WHEREAS, the District has previously entered into certain financing agreements with BMO Harris Bank NA (the “Prior Obligations”) to finance the acquisition of two refuse trucks for use in the District’s refuse system;

WHEREAS, the District has requested and the Lender has agreed to assist the District in the refinancing of the Prior Obligations;

WHEREAS, the District and the Lender have duly authorized the execution of this Installment Purchase Contract; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Installment Purchase Contract do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Contract.

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:

**ARTICLE I.
DEFINITIONS**

Section 1.01 Definitions.

Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof, and of any amendment hereof, and of any opinion or report or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“Authorized Officer” means the President of the Board of Directors of the District or the General Manager of the District.

“Bond Counsel” means Kutak Rock LLP or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on which banks are authorized to be closed for business in California.

“Closing Date” means September [], 2021.

“Debt Service Account” means the account established in Section 3.04 hereof.

“Default Rate” means the then applicable interest rate on the principal amount of the Installment Payments plus 5.00% per annum.

“Determination of Taxability” means (a) the occurrence of any action that, in the judgment of the District, in reliance on the advice of Bond Counsel, will adversely affect the tax-exempt status of the interest component of the Installment Payments, (b) the failure to take any action that, in the judgment of the District, in reliance on the advice of Bond Counsel, is necessary to preserve the exemption from income taxation of the interest component of the Installment Payments, (c) a final judgment or order of a court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in any such case to the effect that the interest component of the Installment Payments is includable for federal income tax purposes in the gross incomes of the recipients thereof, or (d) the enactment of federal legislation that would cause the interest component of the Installment Payments to be includable for federal income tax purposes in the gross incomes of the recipients thereof. A judgment or order of a court of competent jurisdiction or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed (and is pending) and the time for filing such right of appeal or action has expired.

“District” means McCloud Community Services District, a community services district duly organized and existing under the constitution and laws of the State, and its successors and assigns.

“Due Date” means the date three (3) Business Days prior to an Installment Payment Date.

“Electronic Notice” means notice given through means of telecopy, facsimile transmission, e-mail or other similar electronic means of communication confirmed by writing or written transmission.

“Enterprise” means all vehicles, facilities, and systems used for the collection, transportation, recycle, reuse, storage, assortment, allocation, and disposal of refuse, solid waste, and trash (including plastic, glass, and aluminum) now operated and/or owned by the District and administered by the District, together with all other vehicles, properties, structures, or works hereafter acquired and constructed by the District and as part of the refuse and trash system,

together with all additions, betterments, extensions or improvements to such vehicles, facilities, properties, structures, or works or any part thereof hereafter acquired and constructed.

“Event of Default” means an event of default described in Section 7.01.

“Federal Securities” means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Fiscal Consultant” means any consultant or firm of such consultants appointed by the District and who, or each of whom: (a) is judged by the District to have experience in matters relating to the financing of public projects; (b) is in fact independent and not under domination of the District; (c) does not have any substantial interest, direct or indirect, with the District other than as purchaser of any Parity Debt; and (d) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

“Fiscal Year” means the twelve-calendar month period ending on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his successor for community service districts in the State of California, or failing the prescription of such procedures means Generally Accepted Accounting Principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such principles.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Gross Revenues” means for each Fiscal Year, all gross income and revenue received or receivable by the District from the ownership or operation of the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including connection fees and charges) received by the District for the Refuse Service and the other services of the Enterprise and all other income and revenue howsoever derived by the District from the ownership and operation of the Enterprise or arising from the Enterprise, and also including all income from the deposit or investment of any money in the Revenue Fund but excluding in all cases any proceeds of taxes and any refundable deposits made to establish credit and advances or contributions in aid of construction.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants duly licensed and entitled to practice, and practicing as such appointed and paid by the District, and each of whom--

1. is in fact independent and not under the domination of the District;
2. does not have a substantial financial interest, direct or indirect, in the operations of the District; and
3. is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Independent Engineer” means any registered engineer or firm of registered engineers of national reputation generally recognized to be well qualified in engineering matters relating to the Enterprise, appointed and paid by the District, and who or each of whom (1) is in fact independent and not under the domination of the District, (2) does not have a substantial financial interest, direct or indirect, in the operations of the District, and (3) is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant to this Installment Purchase Contract for the purposes and as described in Section 3.01 hereof in the amounts on the dates designated in Exhibit B to this Installment Purchase Contract.

“Installment Payment Date” means the first Business Day of each month.

“Insurance Consultant” means (a) the Risk Manager for the District or (b) any insurance consultant or firm of insurance consultants generally recognized to be well qualified in insurance consulting matters relating to trash and refuse services and other municipal systems, appointed and paid by the District, and who or each of whom (1) is in fact independent and not under the control of the District, (2) does not have a substantial financial interest, direct or indirect, in the operations of the District, and (3) is not connected with the District as a Board member, officer, or employee of the District, but may regularly be retained to make reports to the District.

“Lender” means Five Star Bank, a banking corporation organized and existing under the laws of the State, and its successors and assigns.

“Maintenance and Operation Costs” of the Enterprise means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, and all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms hereof, such as

fees and expenses of Independent Certified Public Accountants, Independent Engineers, Fiscal Consultants and Insurance Consultants, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles and intergovernmental transfers by the District which are not reimbursements or payments for overhead or other administrative expenses incurred by the District.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Installment Purchase Contract or to meet or perform its obligations under this Installment Purchase Contract on a timely basis, (c) the validity or enforceability of this Installment Purchase Contract , or (d) the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the District has notice or knowledge and which, (a) if determined adversely to the District, may have a Material Adverse Effect; (b) seek to restrain or enjoin any of the transactions contemplated hereby or by this Installment Purchase Contract; or (c) may adversely affect (i) the exclusion of interest with respect to the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes; or (ii) the ability of the District to perform its obligations under this Installment Purchase Contract.

“Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any period, all Gross Revenues during such period less all Maintenance and Operation Costs during such period.

“Outstanding” means all Installment Payments except Installment Payments paid or deemed to have been paid within the meaning of Article VI.

“Parity Debt” means any bonds, notes or other obligations of the District payable from and secured by a pledge of and lien on a parity with the Installment Payments, which are hereafter issued or incurred by the District in accordance with Section 5.09.

“Parity Debt Documents” means, collectively, the indenture of trust, trust agreement or other document authorizing the issuance of any Parity Debt or any securities which evidence Parity Debt.

“Permitted Investments” means any certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by Federal Deposit Insurance Corporation, and any other investment approved by the Lender that is a legal investment under the laws of the State for the moneys proposed to be invested therein.

“Prior Obligations” means, collectively, the District's obligations under the 2019 Agreements.

“Prior Project” means the additions, betterments, extensions and improvements to the District’s Enterprise as described in Exhibit A hereto.

“Refuse Service” means the services furnished, made available, or provided by the Enterprise for the collection, transportation, recycle, reuse, storage, assortment, allocation, and disposal of refuse, trash, glass, aluminum, plastic, and other solid waste.

“Refuse Truck(s)” means the 2 refuse trucks more particularly described on Exhibit A attached hereto.

“Revenue Fund” means the fund maintained by the District into which it deposits Gross Revenues.

“State” means the State of California.

“Taxable Rate” means a per annum interest rate equal to 4.28%.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Tax Code shall be deemed to be a reference to any successor to any such section.

“2019 Agreements” means, together, (a) the [Loan Agreement], dated as of [Date], by and between 5 Star Bank and the District, for a loan of \$[100,000], and (b) the [Loan Agreement], dated as of [Date], by and between 5 Star Bank and the District, for a loan of \$135,000.00

ARTICLE II. SALE AND PURCHASE OF THE PRIOR PROJECT

Section 2.01 Sale and Purchase of the Prior Project.

The parties hereby confirm that the District currently has title to the Prior Project. In consideration for the Lender’s assistance in refinancing the Prior Project, the District agrees to sell, and hereby sells, to the Lender, and the Lender agrees to purchase, and hereby purchases, from the District, the Prior Project in the manner and in accordance with the provisions of this Installment Purchase Contract. In consideration for the Installment Payments as set forth in Section 3.01, the Lender agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Lender, the Prior Project at the purchase price specified below and otherwise in the manner and in accordance with the provisions of this Installment Purchase Contract. All right, title and interest in the Prior Project shall vest in the District immediately upon execution and delivery of this Installment Purchase Contract.

The Lender, on the Closing Date, agrees to act as follows:

(i) The amount of \$[229,850.00], respecting aggregate purchase price of the Installment Payments of \$230,000.00, less the Lender's origination fee with respect to the Installment Payments of \$1,150.00, shall be transferred by the Lender and applied to prepay the obligations of the District under the 2019 Agreements in accordance with the terms thereof and the demand statements received by the District with respect thereto.

In addition to the conditions and requirements set forth above, the District covenants and agrees, as agent of the Lender, to (a) deliver to the Lender evidence of the insurance required pursuant to Sections 5.13 hereof, and (c) deliver or cause to be delivered to the Lender on or prior to _____, 2021 the Certificate of Title for each Refuse Truck listing the Lender as lienholder.

In the event the Lender fails to observe or perform any agreement, condition, covenant or term contained herein required to be observed or performed by it, the District may institute such action or proceeding against the Lender as the District may deem necessary to compel the observance or performance of such agreement, condition, covenant or term, or to recover damages for the nonobservance or nonperformance thereof; provided, however, that the District shall have no right to terminate this Installment Purchase Contract as a remedy to such failures. The District may, at its own cost and expense and in its own name or in the name of the Lender, prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to protect or secure its rights hereunder, and in such event the Lender agrees to cooperate fully with the District and to take all action necessary to effect the substitution of the District for the Lender in any action or proceeding if the District shall so request.

Section 2.02 Indemnification and Expenses of the Lender.

The District shall, to the extent permitted by law, indemnify and save the Lender, and its respective officers, agents, directors and employees, harmless from and against all claims, losses, liabilities, costs, expenses and damages, including legal fees and expenses, arising out of (a) the acceptance and performance of its duties hereunder, (b) the use, maintenance, condition, management or operation of, or from any work or thing done on, the Prior Project or the Enterprise by the District, including injury or damages to any persons or property arising therefrom, (c) any breach or default on the part of the District in the performance of any of its obligations under this Installment Purchase Contract, or (d) any act of negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Prior Project or the Enterprise. No indemnification is made under this Section for willful misconduct or negligence by the Lender or its officers, agents, directors or employees. The provisions of this Section shall continue in full force and effect, notwithstanding the termination of the term of this Installment Purchase Contract for any reason.

Section 2.03 Lender not Liable.

The Lender and its directors, officers and employees shall not be liable to the District or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on, or about or relating to the Prior Project, and in no event shall the Lender be liable for any incidental, indirect, special or consequential damage in connection herewith or arising hereunder.

Section 2.04 Disclaimer of the Lender.

The District acknowledges and agrees that the Lender makes no representation or warranty, express or implied, as to the Enterprise or the Prior Project, except as expressly set forth in this Installment Purchase Contract. The District acknowledges that all risks relating to the Enterprise, the Prior Project or the transactions contemplated hereby, are to be borne by the District, and the benefits of any and all implied warranties and representations of the Lender are hereby waived by the District.

ARTICLE III.
INSTALLMENT PAYMENTS, REVENUES AND ACCOUNTS

Section 3.01 Payment of the Installment Payments.

(a) Installment Payments. The total principal amount of the Installment Payments owed and to be paid by the District to the Lender for the refinancing of the 2019 Agreements is \$230,000.00, plus interest thereon, calculated at the rate of 3.00% per annum on the basis of a year of 360 days and the actual days elapsed. The Installment Payments shall, subject to any rights of prepayment of the District provided in Article VI, be due in installments in the amounts and on the dates described in Exhibit B attached hereto.

(b) Obligations Absolute. Each Installment Payment shall be payable to the Lender in accordance with the terms hereof and at the times required by this Section 3.01 in lawful money of the United States of America. In the event the District fails to make any of the payments required to be made by it under this Section 3.01, such payment shall continue as an obligation of the District until such amount shall have been fully paid and the District agrees to pay the same with the stated interest thereon at the rate set forth in the preceding paragraph. Subject to Section 8.01 hereof, the obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as all Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article VI hereof), the District will not, under any circumstances, discontinue, abate or suspend any Installment Payments required to be made by it under this Section 3.01 when due, whether or not the Enterprise or any part thereof is operating or operable or has been completed, or whether or not the Enterprise is condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained herein for any cause whatsoever.

Section 3.02 Interest Component of the Installment Payments.

The Installment Payments shall bear interest from the Closing Date until the payment of the principal thereof and the prepayment premiums, if any, thereon, shall have been made or provided for in accordance with the provisions of Article VI hereof, whether at maturity, upon prepayment or otherwise. Interest accrued on the Installment Payments from the Closing Date and from each Installment Payment Date to, but not including, the next succeeding Installment Payment Date shall be paid on each such succeeding Installment Payment Date and shall be

computed on the basis of a year of 360 days and the actual days elapsed. In the event of an Event of Default hereunder, the interest component of the portion of the Installment Payments shall be calculated based on the Default Rate. In the event of a Determination of Taxability, the rate of interest on the Installment Payments shall be calculated at the Taxable Rate from the date of the Determination of Taxability.

Section 3.03 Establishment of Accounts.

The funds and accounts and flow of funds set forth in this Article III are hereby established and shall control to the extent inconsistent with any other terms of this Installment Purchase Contract.

Section 3.04 Pledges of Net Revenues and Other Funds; Debt Service Account.

The District hereby irrevocably pledges all the Net Revenues to the punctual payment of the Installment Payments and all payments with respect to Parity Debt, on a parity basis, and such Net Revenues, except as otherwise permitted herein, shall not be used for any other purpose while any of the Installment Payments are due hereunder. The pledge of Net Revenues to secure the Installment Payments and payments with respect to Parity Debt shall constitute a first lien on the Net Revenues, for the payment of such Installment Payments and payments with respect to Parity Debt in accordance with the terms hereof.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of the Net Revenues by the District for the repayment of the principal of, premium, if any, and interest components of the Installment Payments constitutes a first lien and security interest which immediately attaches to such Net Revenues, and is effective and binding against the District, the Lender, their successors, creditors and all others asserting rights therein irrespective of whether those parties have notice of the pledge, irrespective of whether such amounts are or may be deemed to be a fixture and without the need for physical delivery, recordation, filing or further act.

There is hereby established with the Lender an account known as the "Debt Service Account," which the District shall maintain and hold in trust separate and apart from other funds held by it. Installment Payments made by the District shall be deposited in the Debt Service Account. Such payments shall be net of amounts already on deposit therein in excess of the amount required to accumulate therein pursuant to Section 3.01 above. The District shall transfer the money contained in the Debt Service Account at the following respective times in the following respective amounts in the following order of priority, each of which accounts the District hereby agrees to establish and maintain as follows, and the money in each of such accounts shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Debt Service Account. All moneys in the Debt Service Account shall be used and withdrawn by the District solely for the purpose of paying Installment Payments to the Lender on each Installment Payment Date. The District hereby authorizes the Lender to make automatic deductions from the Debt Service Account each month and to apply an amount equal to the amount of the Installment Payments prior to the Due Date for such Installment Payments.

Section 3.05 Receipt and Deposit of Gross Revenues; Establishment and Maintenance of Accounts for Gross Revenues; Use and Withdrawal of Gross Revenues.

The District covenants and agrees that all Gross Revenues, when and as received, will be received and held by the District in trust hereunder for the benefit of the Lender and for the benefit of the holders of Parity Debt. All Gross Revenues will be deposited by the District in the Revenue Fund (which the District hereby covenants and agrees to maintain with the Lender so long as any Installment Payments are due hereunder) and will be accounted for and held in trust in the Revenue Fund; provided, the District may withdraw such amounts in the Revenue Fund as may be necessary to make refunds for amounts paid in advance for services provided by the Enterprise, which service was not thereafter made available or provided. All Gross Revenues held by the District shall be disbursed, allocated and applied solely to the uses and purposes set forth in this Article III, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

All Gross Revenues in the Revenue Fund shall be set aside or deposited by the District as follows in the following order of priority:

(a) Maintenance and Operation Costs of the Enterprise. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Enterprise, the payment of which is not then immediately required) from the moneys in the Revenue Fund as they become due and payable.

(b) Debt Service. Installment Payments payable pursuant to Section 3.01 above and payments with respect to Parity Debt shall be paid in accordance with the terms hereof and the terms of the Parity Debt Documents, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(c) General Expenditures. All Gross Revenues not required to be withdrawn pursuant to the provisions of (a) and (b) above shall be used for expenditure for any lawful purpose of the District, including payment of any rebate requirement or any obligation subordinate to the payment of all amounts due hereunder.

Section 3.06 Investment of Funds.

Amounts on deposit in any fund or account created pursuant to this Installment Purchase Contract may be invested in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such money is anticipated to be needed for disbursement hereunder. Interest or profit received on such investments shall be deposited to the Debt Service Account in which such investments are then held. In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest.

If at any time after investment therein, a Permitted Investment ceases to meet the criteria set forth in the definition of Permitted Investments and such obligation, aggregated with other non-conforming investments, exceeds five percent (5%) of invested funds, such Permitted Investment shall be sold or liquidated.

ARTICLE IV.
RESERVED

ARTICLE V.
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 5.01 Compliance with Installment Purchase Contract.

The District will not suffer or permit any material default by it to occur under this Installment Purchase Contract, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by it.

Section 5.02 Observance of Laws and Regulations.

The District will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 5.03 Prosecution and Defense of Suits.

The District will promptly, upon request of the Lender, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Prior Project or any part thereof, whether now existing or hereafter developing; prosecute all actions, suits or other proceedings as may be appropriate for such purpose; and indemnify and save the Lender harmless from all cost, damage, expense or loss, including reasonable attorneys' fees, which the Lender may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 5.04 Accounting Records and Statements.

The District will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the District relating to the receipt, deposit and disbursement of the Gross Revenues, Net Revenues and Installment Payments, and such accounting records shall be available for inspection by the Lender or its agent duly authorized in writing on any Business Day upon reasonable notice at reasonable hours.

Section 5.05 Further Assurances.

Whenever and so often as requested to do so by the Lender, the District will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Lender all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by this Installment Purchase Contract.

Section 5.06 Against Encumbrances.

The District hereby represents that there is no pledge of or lien on Net Revenues senior to the pledge and lien securing the Installment Payments. The District will not make any pledge of or place any lien on the Net Revenues.

Section 5.07 Against Sale or Other Disposition of Property.

The District will not sell, lease, encumber or otherwise dispose of the Enterprise or any part thereof in excess of one-half of one percent of the book value of the Enterprise in any Fiscal Year, unless an Authorized Officer certifies that such sale, lease, encumbrance or disposition will not materially adversely affect the operation of the Enterprise or the Net Revenues; provided however, any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Enterprise, or any material or equipment which has become worn out, may be sold or exchanged at not less than the fair market value thereof and the proceeds (if any) of such sale or exchange shall be deposited in the Revenue Fund.

The District will not enter into any agreement or lease which would impair the ability of the District to meet the covenant set forth in Section 5.16 hereof or which would otherwise impair the rights of the Lender or the operation of the Enterprise.

Section 5.08 Against Competitive Facilities.

To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers and excluding any trash or refuse system existing on the date of execution of this Installment Purchase Contract, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any trash or refuse system competitive with the Enterprise.

Section 5.09 Issuance of Parity Debt.

Only with the prior written consent of the Lender, the District may issue or incur any Parity Debt at any time and from time to time during the term of this Installment Purchase Contract; provided that, in addition to the written consent of the Lender, all of the following conditions precedent shall be satisfied prior to the issuance of such Parity Debt:

- (a) no Event of Default has occurred and is continuing; and
- (b) the Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Certified Public Accountant or a Fiscal Consultant or shown in the audited financial statements of the District, at least equal 125% of the maximum amount of Installment Payments and maximum payments on outstanding Parity Debt (including the Parity Debt then proposed to be issued) coming due and payable in the current or any future Fiscal Year. For purposes of determining the amount of Net

Revenues under this subsection (b), such amount may be increased by any or all of the following amounts as determined by the District:

(i) an allowance for Net Revenues from any additions or improvements to or extensions of the Enterprise to be made with the proceeds of such Parity Debt and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a Fiscal Consultant retained by the District; and

(ii) an allowance for Net Revenues arising from any increase in the fees or charges made for service from the Enterprise which has become effective prior to the incurring of such Parity Debt but which, during all or any part of the latest Fiscal Year, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in fees or charges had been in effect during the whole of such Fiscal Year, all as shown by the certificate or opinion of a Fiscal Consultant retained by the District.

(c) All conditions to the issuance of such Parity Debt as set forth in the Parity Debt Documents must be met, and the District shall file with the Lender a written certificate to such effect, signed on behalf of the District by an Authorized Officer.

Section 5.10 Maintenance and Operation of the Enterprise; Budgets.

The District will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner. The District will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.11 Payment of Claims.

The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Gross Revenues or any part thereof, or on any funds in the control of the District prior or superior to the lien of the Installment Payments or which might impair the security of this Installment Purchase Contract ; provided the District shall not be obligated to make such payment so long as the District contests such claim in good faith.

Section 5.12 Compliance with Contracts.

The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, expressed or implied, required to be performed by it contained in all contracts for the use of the Enterprise and all other contracts affecting or involving the Enterprise to the extent that the District is a party thereto.

Section 5.13 Insurance.

(a) The District will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such

amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises, but not exceeding \$25,000 per policy, and in a coverage amount which is not less than the unpaid principal balance of the Installment Payments and the principal component of any Parity Debt.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims, unless the District determines that such reconstruction, repair, or replacement is not necessary to the efficient or proper operation or use of the Enterprise and therefore determines not to reconstruct, repair, or replace such damaged or destroyed portion of the Enterprise. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds shall be deposited in such funds and accounts of the District as is permitted by law.

The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof, such insurance to cover all persons employed in connection with the Enterprise.

The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

Section 5.14 Books and Accounts; Financial Statements; Reporting Requirements.

(a) The District shall keep proper books of record and accounts of the Enterprise and the Debt Service Account all separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise and relating to the funds created by this Installment Purchase Contract. Said books shall, upon prior request, be subject to the inspection by the Lender, or its representatives authorized in writing, upon not less than three (3) Business Days' prior notice to the District.

(b) The District shall cause the books and accounts of the Enterprise, which shall include a statement of revenues and expenditures and changes in fund balances, a balance sheet and a statement of cash flow, to be audited annually by an Independent Certified Public Accountant, not more than 180 days after the close of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021.

(c) The District shall send a copy of its audited financial statements to the Lender not more than 180 days after the close of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021. Simultaneously with the delivery of such financial statements, the District shall deliver to the Lender a certificate signed by an Authorized Officer (i) stating that the District is in compliance with the covenants set forth in Section 5.16 relating to the rates and charges for the Enterprise for such Fiscal Year, and (ii) attesting that, subject to the provisions hereof, to the best of his/her knowledge, the District has kept, observed, performed and fulfilled every covenant, provision and condition applicable to the District contained in this Installment Purchase Contract, and no Event of Default has occurred, or if an Event of Default has occurred such certificate shall specify such event or condition, the nature and status thereof and any remedial steps taken or proposed to correct such event or condition.

(d) No later than thirty (30) days after its adoption, the District shall send to the Lender a copy of the annual budget of the Enterprise and any amendment or supplement thereto.

(e) The District shall immediately notify the Lender by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Installment Purchase Contract, together with a detailed statement by an Authorized Officer of the steps being taken by the District to cure the effect of such Event of Default.

(f) The District shall promptly notify the Lender in writing (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the District or any of the Enterprise, the Gross Revenues or the Net Revenues which involve claims equal to or in excess of \$100,000 or that seeks injunctive relief; or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of \$100,000.

(g) The District shall promptly notify the Lender in writing of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any of the Gross Revenues or Net Revenues.

(h) The District shall promptly notify the Lender in writing in the event of any termination or cancellation of any insurance policy which the District is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the District property in excess of an aggregate of \$100,000.

(i) The District shall file with the Lender such additional information as the Lender may reasonably request in writing, within a reasonable period of time after the receipt of such written request by the District.

Section 5.15 Payment of Taxes and Compliance with Governmental Regulations.

The District will pay and discharge all taxes, assessments and other governmental charges, if any, which may hereafter be lawfully imposed upon the Enterprise or any part thereof or upon the Gross Revenues when the same shall become due and the District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof. However, the District shall not be required to make

such payments, or to comply with any regulations or requirements, so long as the payment or validity or application thereof shall be contested in good faith.

Section 5.16 Amounts of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the beginning of each Fiscal Year, rates and charges (including land based charges) for the Refuse Service provided by the Enterprise which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred twenty five percent (125%) of Installment Payments and any payments with respect to Parity Debt payable during such Fiscal Year.

(b) The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this Section 5.16.

Section 5.17 Collection of Rates and Charges.

The District will have in effect at all times rules and regulations requiring all users of the Enterprise to pay the assessments, rates, fees and charges applicable to the Enterprise provided or made available to such users. Such rules and regulations shall also provide for the billing thereof and for a due date and a delinquency date for each bill.

Section 5.18 Eminent Domain Proceeds.

If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the District certifies (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder and under any Parity Debt Documents will not be substantially impaired (which determination shall be final and conclusive); then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such certification and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in such funds and accounts of the District as is permitted by law.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Installment Payments and the payments with respect to Parity Debt in the manner provided herein.

Section 5.19 Notification of Material Adverse Effect.

The District shall timely inform the Lender of any Material Adverse Effect upon learning of the existence of such an effect.

Section 5.20 Tax Covenants.

The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest with respect to the Installment Payments to become includable in gross income for federal income tax purposes. To that end, the District hereby makes the following specific covenants:

(a) The District hereby covenants that it shall not make or permit any use of the proceeds of this Installment Purchase Contract that may cause this Installment Purchase Contract to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The District covenants that the proceeds of this Installment Purchase Contract will not be used as to cause the proceeds of this Installment Purchase Contract to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) The District hereby designates this Installment Purchase Contract as a “qualified tax-exempt obligation” under Section 265(b)(3) of the Tax Code.

(d) The District covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause this Installment Purchase Contract to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

In furtherance of the covenants stated in this Section, the District shall comply with the requirements of the Tax Certificate executed in connection with this Installment Purchase Contract.

Section 5.21 No Priority for Additional Obligations; Compliance with Parity Debt Documents.

The District may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments. The District shall observe and perform all of the covenants, agreements and conditions on its part required to be observed and performed under the Parity Debt Documents. The District shall not take or omit to take any action within its control which would, or which if not corrected with the passage of time would, constitute an event of default under any Parity Debt Documents.

Section 5.22 Against Encumbrances.

The District will not mortgage or otherwise encumber, pledge or place any charge or lien upon any of the Net Revenues except as provided in this Installment Purchase Contract and (except for the Parity Debt) will not issue any obligations secured by Net Revenues on a parity with, or

senior to, the Installment Payments and Parity Debt; provided, that the District may issue subordinate obligations.

Section 5.23 Further Representations, Covenants and Warranties of the District.

The District represents, covenants and warrants to the Lender as follows:

(a) The District is a duly organized and validly existing community services district of the State of California.

(b) The Constitution and the laws of the State authorize the District to enter into this Installment Purchase Contract and to enter into the transactions contemplated hereby and to carry out its obligations under each of the aforesaid agreements, and the District has duly authorized and executed each of the aforesaid agreements in accordance with the laws of the State.

(c) The District is empowered to set rates and charges for services provided by the Enterprise provided to the users of the Enterprise without review or approval by any state or local governmental agency.

(d) This Installment Purchase Contract and the pledge of Net Revenues is a first lien and pledge on Net Revenues.

(e) Neither the execution and delivery of this Installment Purchase Contract or any documents contemplated hereby nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the District.

(f) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Installment Payments or the consummation of the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

(g) The District does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Installment Purchase Contract or otherwise with respect to the Installment Payments. To the extent the District has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Installment Purchase Contract or otherwise with respect to the Installment Payments.

Section 5.24 Representations, Covenants and Warranties of the Lender.

The Lender represents, covenants and warrants to the District as follows:

(a) The Lender is duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Installment Purchase Contract and to carry out and consummate all transactions contemplated by hereby and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Contract.

(b) The execution and delivery of this Installment Purchase Contract and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Lender is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Lender.

(c) The Lender will not assign this Installment Purchase Contract or its right to receive Installment Payments from the District, or its duties and obligations under this Installment Purchase Contract to any other person, firm or corporation, except to affiliates of the Lender or to banks, insurance companies or other financial institutions or their affiliates, including participation arrangements with such entities; provided, (i) no such assignment shall be made that would cause there to be more than 15 such assignees or any interest in the Installment Payments of less than \$100,000 and (ii) such assignee shall deliver a letter of representations to the District acceptable to the District and in substantially the same form delivered by the Lender in connection with the execution of this Installment Purchase Contract.

Section 5.25 Representations, Covenants and Warranties of the District and the Lender.

The District and the Lender represent, warrant and covenant that: (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Lender and its affiliates, (ii) in connection with such transaction, the Lender and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), an agent or a fiduciary of the District, (iii) the Lender and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Lender, or any affiliate of the Lender, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Lender and its affiliates have financial and other interests that differ from those of the District, and (vi) each of the District and the Lender has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

ARTICLE VI.
PREPAYMENT OF INSTALLMENT PAYMENTS

Section 6.01 Prepayment.

(a) The District may prepay the unpaid principal balance of the Installment Payments in whole or in part, on any Installment Payment Date on or after October 1, 2021, without incurring any prepayment penalty.

(b) The District may or shall, as the case may be, prepay on any date from the Net Proceeds of insurance or condemnation awards, as provided herein, all or any part, of the principal amount of the unpaid Installment Payments, pro-rata among the remaining Installments Payments, at a prepayment price equal to the sum of the principal amount prepaid plus accrued and unpaid interest thereon to the date of prepayment, without premium.

In the event that a portion of the Installment Payments shall have been prepaid by the District pursuant to this section, the total amount of all future payments set forth in the schedule attached hereto as Exhibit B shall be reduced by the aggregate amount of Installment Payments so prepaid, as the case may be, as agreed to in writing by the Lender. The Lender shall provide the District a revised schedule of Installment Payments.

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article III hereof, until the entire principal amount of the unpaid Installment Payments together with the interest accrued thereon, if any, and together with the ordinary and extraordinary fees, costs and expenses of the Lender, shall have been fully paid and the Installment Payments are no longer due hereunder (or provision for payment thereof shall have been made pursuant to Section 6.03 hereof).

Section 6.02 Method of Prepayment.

Before making any prepayment pursuant to Section 6.01, the District shall give written notice to the Lender specifying the date on which the prepayment will be made, which date shall be not less than thirty (30) days from the date such notice is given.

Section 6.03 Security Deposit.

Notwithstanding any other provision of this Installment Purchase Contract, the District may secure the payment of all or a portion of the Installment Payments by a deposit with the Lender or, at the Lender's sole option, a bank or trust company acceptable to the Lender, as escrow holder under an escrow deposit and trust agreement, of either (i) cash in an amount which is sufficient to pay such unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit B attached hereto, or (ii) non-callable Federal Securities or pre-refunded non-callable municipal obligations rated "AA" and "Aa" by S&P and Moody's, respectively, together with cash if required, in such amount as will, without reinvestment, in the opinion of an Independent Certified Public Accountant (which opinion shall be addressed to the Lender), together with interest to accrue thereon, be fully sufficient to pay such unpaid Installment Payments on their payment dates so that such Installment Payments shall be defeased; provided, that prior to any such deposit or

defeasance, the District must provide an opinion of nationally recognized bond counsel addressed to the Lender to the effect that such deposit and defeasance will not cause the interest component of the Installment Payments to be included in gross income for federal income tax purposes. In the event of any shortfall, the District shall deposit from legally available funds such amounts as is necessary to make up such shortfall. In all cases, deposits of cash or Federal Securities made to secure the Installment Payments pursuant to this paragraph shall be kept in segregated escrow accounts or escrow subaccounts and such deposits shall not be commingled for any reason.

In the event of deposits pursuant to this Section 6.03 sufficient to fully defease all of the Installment Payments, and provided that all other amounts payable by the District hereunder have been paid in full, all obligations of the District under this Installment Purchase Contract shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all Installment Payments from the deposits made by District pursuant to this Section 6.03 and the obligation to pay amounts due to the Lender. Said deposits shall be deemed to be and each of the deposits shall constitute a separate special fund that may be used solely for the payment of the Installment Payments in accordance with the provisions of this Installment Purchase Contract, and pending such application shall be held in trust and pledged to and for the sole benefit of the Lender and any assignee or transferee of the Lender. The District hereby grants to the Lender a first priority security interest in any amounts so deposited.

ARTICLE VII. EVENTS OF DEFAULT AND REMEDIES

Section 7.01 Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities.

If one or more of the following events shall happen (an “Event of Default”):

- (a) default shall be made in the due and punctual payment by the District of any Installment Payment when and as the same shall become due and payable;
- (b) default shall be made by the District in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Lender;
- (c) any financial statement or certificate furnished to the Lender in connection with the execution of this Installment Purchase Contract, or any representation or warranty made by the District shall prove to be incorrect, false or misleading in any material respect when furnished or made;
- (d) the District shall file a petition seeking arrangement or reorganization under federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

(e) the occurrence of any event of default under and as defined in any Parity Debt Documents;

(f) this Installment Purchase Contract or any material provision of this Installment Purchase Contract shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder;

(g) the dissolution, termination of existence, insolvency or business failure of the District; or

(h) the occurrence of any event that has a Material Adverse Effect on the District or this Installment Purchase Contract;

then and in each and every such case during the continuance of such Event of Default the Lender may, by notice in writing to the District declare all of the principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything herein to the contrary notwithstanding.

This provision, however, is subject to the condition that, except with respect to an Event of Default under subsection (d) above, if at any time after such principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared immediately due and payable and before the acceleration date or the date of any judgment or decree for the payment of the money due shall have been obtained or entered:

(1) the District shall deposit with the Lender a sum sufficient to pay (x) all delinquent Installment Payments then-due and owing and causing an Event of Default under subsection (a) above and the accrued interest thereon, with any interest due on such overdue installments, and (y) the reasonable expenses of the Lender incurred as the result of such Event of Default, and

(2) any and all other defaults known to the Lender (other than in the payment of such overdue principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Lender or provision deemed by the Lender to be adequate shall have been made therefor, then and in every such case the Lender, by written notice to the District, may rescind and annul such declaration of immediate payment of all of the principal amount of the unpaid Installment Payments and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 7.02 Application of Funds Upon Default.

All moneys and investments in the funds and accounts held hereunder upon the date of the declaration of an Event of Default as provided in Section 7.01, and all Gross Revenues thereafter received shall be applied as follows:

(a) Unless the principal of all Installment Payments shall have become or shall have been declared due and payable:

First: To the payment to the persons entitled thereto of the interest portion of all Installments Payments, with interest on overdue installments, if lawful, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Installment Payments which shall have become due, with interest at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Installment Payments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If all of the Installment Payments shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Installment Payments, with interest on overdue interest and principal, as aforesaid, without preference or priority over interest or of interest over principal or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Section 7.03 Other Remedies of the Lender.

The Lender may:

(a) by mandamus or other action or proceeding or suit at law or in equity enforce its rights against the District, or any board member, officer or employee thereof, and compel the District or any such board member, officer or employee to perform and carry out its or his duties under applicable law and the agreements and covenants contained herein required to be performed by it or him;

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Lender;

(c) by suit in equity upon the happening of an Event of Default require the District and its board members, officers and employees to account as the trustee of an express trust; or

(d) by suit in equity, to seek the appointment of a receiver or other third party to operate the Enterprise and collect the Gross Revenues.

Section 7.04 Non-Waiver.

Nothing in this Article VII or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments to the Lender at the respective due dates or upon prepayment from the Gross Revenues, or, except as expressly provided herein, shall affect or impair the right of the Lender which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Lender shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Lender by applicable law or by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely, the parties shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.05 Remedies Not Exclusive.

No remedy herein conferred upon or reserved is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other law.

ARTICLE VIII.
MISCELLANEOUS

Section 8.01 Liability of District Limited.

Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the Installment Payments or for the performance of any agreements or covenants contained herein required to be performed by it. The District may, however, but shall not be required to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Installment Payments and the other amounts due hereunder is a special obligation of the District payable solely from the Net Revenues and does not constitute a debt or pledge of the faith and credit of the District or of the State or of any political

subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 8.02 Benefits of Installment Purchase Contract Limited to Parties.

Except as provided in Section 8.03, nothing contained herein, express or implied, is intended to give to any person other than the District or the Lender any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Lender shall be for the sole and exclusive benefit of the other party.

Section 8.03 Successor Deemed Included in All References to Predecessor.

Whenever the District or the Lender is named or referred to herein, such reference shall be deemed to include the successor and assigns to the powers, duties and functions that are presently vested in the District or the Lender, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Lender shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 8.04 Waiver of Personal Liability.

No board member, officer or employee of the District or the Lender shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any board member, officer or employee of the District or the Lender from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 8.05 Article and Section Headings, Gender and References.

The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Installment Purchase Contract as a whole and not to any particular article, section, subdivision or clause hereof.

Section 8.06 Partial Invalidity.

If any one or more of the agreements or covenants or portions thereof contained herein required to be performed by or on the part of the District or the Lender shall be contrary to the law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Lender hereby declare that they would have executed this Installment Purchase Contract, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 8.13 Expenses.

The fees and disbursements of Bond Counsel, the fees and disbursements of the financial advisor to the District, the cost of preparing the documents, fees of the counsel to the Lender and other miscellaneous expenses of the District incurred in connection with the execution and delivery of this Installment Purchase Contract , including CDIAC fees, shall all be the obligation of the District. The Lender shall have no responsibility for any expenses associated with the issuance of this Installment Purchase Contract , including, but not limited to, the expenses identified above as the obligation of the District.

Section 8.14 Restrictions on Agreement.

The District and the Lender understand that this Installment Purchase Contract shall not be, and the District and the Lender shall not cause this Installment Purchase Contract to be, (a) assigned a rating by any credit rating agency, (b) registered with The Depository Trust Company or any other securities depository, (c) offered pursuant to any type of offering document or official statement, (d) assigned a DTC-registered CUSIP number by Standard & Poor's CUSIP Service or (e) listed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

Section 8.15 Website Disclosure.

If the District elects or is required to post this Installment Purchase Contract and related documentation on a national public market repository, the District may do so with certain information redacted pursuant to this Section. With respect to any such posting, the District shall provide such documentation to the Lender for review with reasonable advance notice prior to any posting deadline imposed by applicable law and shall consider in good faith reasonable redaction requests of the Lender Sensitive Data (defined below) that are provided within a reasonable period prior to such posting deadline. The District shall redact such "Bank Sensitive Data" as directed by the Lender. For the purpose of this Section, "Bank Sensitive Data" means signatures/names, account numbers, wire transfer and payment instructions and any other data that could be reasonably construed as sensitive information.

Section 8.16 Judicial Reference.

TO THE EXTENT PERMITTED BY LAW, THE LENDER AND THE DISTRICT HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INSTALLMENT PURCHASE CONTRACT OR ANY OF THE RELATED DOCUMENTS OR THE TRANSACTION CONTEMPLATED HEREBY OR THEREBY. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, THE LENDER AND THE DISTRICT HEREBY CONSENT TO THE ADJUDICATION OF ANY AND ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ANY AND ALL ISSUES IN SUCH REFERENCE WHETHER FACT OR LAW. THE LENDER AND THE DISTRICT REPRESENT THAT EACH HAS

REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF ITS CHOICE ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS INSTALLMENT PURCHASE CONTRACT MAY BE FILED AS A WRITTEN CONSENT TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

**MCLOUD COMMUNITY SERVICES
DISTRICT**

By: _____
General Manager - Amos McAbier

FIVE STAR BANK

By: _____
Authorized Signatory

EXHIBIT A

DESCRIPTION OF THE REFUSE TRUCKS

Year	Make	Model	VIN #	Purchase Price
2019	International	Workstar Series	3HAWCTAR3KL564629	\$105,690.60
2019	International	Durastar Series	1HTMKTAN2KH564652	\$128,026.13

EXHIBIT B

INSTALLMENT PAYMENT SCHEDULE

1. The principal amount of Installment Payments to be made by the District hereunder is \$230,000.00.

2. The Installment Payments of principal and interest are payable in the amounts and on the Installment Payment Dates as follows:

[Insert Repayment Schedule]

RESOLUTION NO. 8, 2021

A RESOLUTION OF THE MCCLLOUD COMMUNITY SERVICES DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION OF OTHER NECESSARY DOCUMENTS AND RELATED ACTIONS

WHEREAS, McCloud Community Services District (the “District”) is a community services district duly organized and validly existing under the laws of the State of California;

WHEREAS, the District is authorized by the laws of the State of California to acquire certain property for its refuse system and to finance and refinance the acquisition of such property through the execution of installment purchase contracts;

WHEREAS, the District has previously entered into certain financing agreements (the “Prior Agreements”), to finance the acquisition of two refuse trucks identified as the 2019 International Workstar Series, VIN #3HAWCTAR3KL564629 and the 2019 International Durastar Series, VIN #1HTMKTAN2KH564652, for use in the District’s refuse system (the “Project”);

WHEREAS, in order to refinance the District’s obligations under the Prior Agreements, the District desires to enter into an Installment Purchase Contract (Refuse) (the “Installment Purchase Contract”) with Five Star Bank (the “Bank”) in the form presented to this meeting, with such changes, insertions and omissions as are made in accordance with the terms of Resolution; and, pursuant to which the District will sell the Project to the Bank in return for certain funds, which the District will use to refinance the District’s obligations under the Prior Agreements;

WHEREAS, pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), under certain circumstances, certain obligations the interest on which is excluded from federal income tax under Section 103 of the Code may be designated by the issuer thereof as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax exempt obligations to deduct for federal income tax purposes a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code;

WHEREAS, the Board of Directors of the District (the “Board”) wishes to designate the Installment Purchase Contract as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code;

WHEREAS, California Government Code Section 5852.1 (“Section 5852.1”) requires that the Board obtain from an underwriter, municipal advisor or private lender, and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the Installment Purchase Contract, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Installment Purchase Contract, (b) the sum of all fees and charges paid to third parties with respect to the Installment Purchase Contract, (c) the amount of proceeds of the Installment Purchase Contract expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract, and (d) the sum total of all debt service payments on the

Installment Purchase Contract calculated to the final maturity of the Installment Purchase Contract plus the fees and charges paid to third parties not paid with the proceeds of the Installment Purchase Contract (the “Good Faith Estimates”);

WHEREAS, in compliance with Section 5852.1, the Board obtained the required Good Faith Estimates and such Good Faith Estimates are disclosed and set forth on Exhibit A attached hereto; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing and refinancing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, the Board of Directors of the District **DOES HEREBY RESOLVE, DETERMINE AND ORDER:**

Section 1. All of the recitals herein contained are true and correct and the Board so finds.

Section 2. The form of Installment Purchase Contract submitted to this meeting and made a part hereof as though set forth herein is hereby approved. The President of the Board, and such other members of the Board as the President may designate, the General Manager of the District, and such other officers of the District as the President of the Board may designate (each an “Authorized Officer”) are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Installment Purchase Contract in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, with the advice and approval of the District’s General Counsel, such requirement or approval to be conclusively evidenced by the execution and delivery of the Installment Purchase Contract by such Authorized Officer. In connection therewith, the District approves the execution and delivery of the Installment Purchase Contract so long as the maturity of the Installment Payments (as defined in the Installment Purchase Contract) does not extend beyond November 1, 2025, the interest rate with respect to the Installment Payments does not exceed 3.00%, and the aggregate principal component of the Installment Payments does not exceed \$230,000.

Section 3. The Installment Payments due under the Installment Purchase Contract are hereby designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The Board hereby finds and determines that the aggregate face amount of all tax- exempt obligations (other than private activity bonds) issued by the District (and all subordinate entities thereof) during calendar year 2021 is not expected to exceed \$10,000,000.

Section 4. The Officers and staff of the District are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, agreements and certificates including but not limited to a tax certificate, fee agreement, costs of issuance agreement, custodian agreement or other agreement, which in consultation with District’s General Counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting held on September 27, 2021.

President- Catherine Young

ATTEST:

District Secretary- Andrea Mills

I, hereby certify that the foregoing Resolution No. 8, 2021 was passed and adopted at a regular meeting of said Board on the 27th day of September, 2021, by the following vote, to wit:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of September, 2021.

District Secretary- Andrea Mills

Exhibit A

GOOD FAITH ESTIMATES

The following information is provided in compliance with California Government Code Section 5852.1 with respect to the Installment Purchase Contract:

1. *True Interest Cost of the Installment Purchase Contract.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Installment Purchase Contract, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Installment Purchase Contract, is 3.25526%.

2. *Finance Charge of the Installment Purchase Contract.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the District's finance charge of the Installment Purchase Contract, which means the sum of all fees and charges paid to third parties from the principal amount of the Installment Purchase Contract, is \$1,150.

3. *Amount of Proceeds to be Received by the District.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the District for sale of the Installment Purchase Contract less the finance charge of the Installment Purchase Contract described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract, is \$228,850.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Installment Purchase Contract plus the finance charge of the Installment Purchase Contract described in paragraph 2 above not paid with the proceeds of the Installment Purchase Contract, calculated to the final maturity of the Installment Purchase Contract, is \$244,137.87.

**INSTALLMENT PURCHASE CONTRACT
(WATER)**

between the

MCLOUD COMMUNITY SERVICES DISTRICT

and

FIVE STAR BANK

Dated as of September 1, 2021

TABLE OF CONTENTS

Page

ARTICLE I.
DEFINITIONS

Section 1.01 Definitions..... 2

ARTICLE II.
ACQUISITION OF THE PROJECT

Section 2.01 Acquisition of the Project 7
Section 2.02 Indemnification and Expenses of the Lender..... 9
Section 2.03 District to Acquire Project; Lender not Liable 9
Section 2.04 Disclaimer of the Lender 9
Section 2.05 Project Fund 10

ARTICLE III.
INSTALLMENT PAYMENTS, REVENUES AND ACCOUNTS

Section 3.01 Payment of the Installment Payments..... 10
Section 3.02 Interest Component of the Installment Payments 10
Section 3.03 Establishment of Accounts 11
Section 3.04 Pledges of Net Revenues and Other Funds; Debt Service Account 11
Section 3.05 Receipt and Deposit of Gross Revenues; Establishment and
Maintenance of Accounts for Gross Revenues; Use and Withdrawal of
Gross Revenues..... 12
Section 3.06 Investment of Funds..... 12

ARTICLE IV.

RESERVED 13

ARTICLE V.
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 5.01 Compliance with Installment Purchase Contract..... 13
Section 5.02 Observance of Laws and Regulations..... 13
Section 5.03 Prosecution and Defense of Suits 13
Section 5.04 Accounting Records and Statements 13
Section 5.05 Further Assurances..... 14
Section 5.06 Against Encumbrances..... 14
Section 5.07 Against Sale or Other Disposition of Property 14
Section 5.08 Against Competitive Facilities..... 14

Section 5.09	Issuance of Parity Debt	14
Section 5.10	Maintenance and Operation of the Enterprise; Budgets	15
Section 5.11	Payment of Claims.....	15
Section 5.12	Compliance with Contracts.....	16
Section 5.13	Insurance.....	16
Section 5.14	Books and Accounts; Financial Statements; Reporting Requirements.....	16
Section 5.15	Payment of Taxes and Compliance with Governmental Regulations	18
Section 5.16	Amounts of Rates and Charges.....	18
Section 5.17	Collection of Rates and Charges.....	18
Section 5.18	Eminent Domain Proceeds.....	18
Section 5.19	Notification of Material Adverse Effect	19
Section 5.20	Tax Covenants	19
Section 5.21	No Priority for Additional Obligations; Compliance with Parity Debt Documents	20
Section 5.22	Against Encumbrances.....	20
Section 5.23	Further Representations, Covenants and Warranties of the District.....	20
Section 5.24	Representations, Covenants and Warranties of the Lender	21
Section 5.25	Representations, Covenants and Warranties of the District and the Lender	22

ARTICLE VI.
PREPAYMENT OF INSTALLMENT PAYMENTS

Section 6.01	Prepayment	22
Section 6.02	Method of Prepayment.....	23
Section 6.03	Security Deposit.....	23

ARTICLE VII.
EVENTS OF DEFAULT AND REMEDIES

Section 7.01	Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities.....	23
Section 7.02	Application of Funds Upon Default.....	25
Section 7.03	Other Remedies of the Lender	26
Section 7.04	Non-Waiver.....	26
Section 7.05	Remedies Not Exclusive	26

ARTICLE VIII.
MISCELLANEOUS

Section 8.01	Liability of District Limited.....	27
Section 8.02	Benefits of Installment Purchase Contract Limited to Parties	27
Section 8.03	Successor Deemed Included in All References to Predecessor	27
Section 8.04	Waiver of Personal Liability.....	27
Section 8.05	Article and Section Headings, Gender and References	27
Section 8.06	Partial Invalidity.....	28
Section 8.07	Reserved.....	28

Section 8.08	California Law	28
Section 8.09	Notices	28
Section 8.10	Effective Date	29
Section 8.11	Execution in Counterparts.....	29
Section 8.12	Amendments	29
Section 8.13	Expenses	29
Section 8.14	Restrictions on Agreement.....	29
Section 8.15	Website Disclosure	29
Section 8.16	Judicial Reference.....	30
EXHIBIT A – DESCRIPTION OF PROJECT.....		A-1
EXHIBIT B – INSTALLMENT PAYMENT SCHEDULE.....		B-1

INSTALLMENT PURCHASE CONTRACT (WATER)

This **INSTALLMENT PURCHASE CONTRACT (WATER)**, dated as of September 1, 2021 (this “Installment Purchase Contract”), is entered into by and between the **MC CLOUD COMMUNITY SERVICES DISTRICT** (the “District”), a community services district duly organized and validly existing under the laws of the State of California (the “State”), and **FIVE STAR BANK** (the “Lender”), a banking corporation duly organized and validly existing under the laws of the State.

W I T N E S S E T H:

WHEREAS, the District is authorized by the laws of the State of California, including, but not limited to Section 43500 of the California Water Code, to purchase, or lease, or otherwise acquire, hold and enjoy, and lease or dispose of, real and personal property of every kind within or without the District through the execution of installment purchase contracts;

WHEREAS, the District proposes to finance certain improvements to the District’s water system, as more particular described in Exhibit A hereto (the “Project”);

WHEREAS, the District has requested and the Lender has agreed to assist the District in the financing of the Project;

WHEREAS, in order to finance the Project, the District is entering into this Installment Purchase Contract, pursuant to which the District will sell the Project to the Lender, but only to the extent the components of the Project can be legally transferred by the District;

WHEREAS, in order to provide moneys to pay the costs of acquiring, constructing and improving the Project, the District proposes to purchase the Project pursuant to this Installment Purchase Contract;

WHEREAS, the District has determined it is in the best interests of the District, and it is necessary and proper for the District's purposes, that the District acquire the Project from the Lender in the manner described herein for the purposes of financing the Project as described herein, and that the District pay the Lender for the costs of acquiring the Project in the manner described herein;

WHEREAS, the District and the Lender have duly authorized the execution of this Installment Purchase Contract; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Installment Purchase Contract do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Contract.

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF

WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I.
DEFINITIONS

Section 1.01 Definitions.

Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof, and of any amendment hereof, and of any opinion or report or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“Acquisition,” “Acquire,” or “Acquired” means, with respect to the Project or the Enterprise, the acquisition or perfection of an ownership or capacity interest in the Project or the Enterprise, or the construction, financing, refinancing or ownership of the Project or the Enterprise.

“Acquisition Costs” with respect to the Project means the contract price paid or to be paid for the Acquisition of the Project.

“Advance” means each advance made by the Lender, pursuant to this Installment Purchase Contract, to the District, in accordance with the procedures set forth herein, on the Draw Down Date set forth on Exhibit B attached hereto in the amount set forth opposite such Draw Down Date, subject to the terms and conditions of this Installment Purchase Contract.

“Available Commitment” means, on the Closing Date, an initial amount equal to \$250,000.00 less the initial Advance of \$51,000.00 on the Closing Date, and thereafter as adjusted from time to time as follows: (a) downward in an amount equal to any Advance (other than the initial Advance) made hereunder; and (b) downward to zero upon termination of the Commitment in accordance with the terms hereof.

“Authorized Officer” means the President of the Board of Directors of the District or the General Manager of the District.

“Bond Counsel” means Kutak Rock LLP or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on which banks are authorized to be closed for business in California.

“Closing Date” means September [], 2021.

“Commitment” means the obligation of the Lender, pursuant to this Installment Purchase Contract, to make future Advances of the unfunded portion of the Available Commitment and/or to make Disbursements of amounts on deposit in the Project Fund subject to the terms and conditions of this Installment Purchase Contract.

“Commitment Termination Date” means the earliest to occur of (a) August 31, 2024, and (b) the date that Commitment terminates or the date the Available Commitment is reduced to zero in accordance with the terms hereof.

“Debt Service Account” means the account established in Section 3.04 hereof.

“Default Rate” means the then applicable interest rate on the principal amount of the Installment Payments plus 5.00% per annum.

“Determination of Taxability” means (a) the occurrence of any action that, in the judgment of the District, in reliance on the advice of Bond Counsel, will adversely affect the tax-exempt status of the interest component of the Installment Payments, (b) the failure to take any action that, in the judgment of the District, in reliance on the advice of Bond Counsel, is necessary to preserve the exemption from income taxation of the interest component of the Installment Payments, (c) a final judgment or order of a court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in any such case to the effect that the interest component of the Installment Payments is includable for federal income tax purposes in the gross incomes of the recipients thereof, or (d) the enactment of federal legislation that would cause the interest component of the Installment Payments to be includable for federal income tax purposes in the gross incomes of the recipients thereof. A judgment or order of a court of competent jurisdiction or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed (and is pending) and the time for filing such right of appeal or action has expired.

“District” means McCloud Community Services District, a community services district duly organized and existing under the constitution and laws of the State, and its successors and assigns.

“Draw Down Date” means each date for funding an Advance set forth on the draw down schedule attached as Exhibit B hereto, as such Exhibit B may be modified by the Lender.

“Due Date” means the date three (3) Business Days prior to an Installment Payment Date.

“Electronic Notice” means notice given through means of telecopy, facsimile transmission, e-mail or other similar electronic means of communication confirmed by writing or written transmission.

“Enterprise” means the District’s water system, including all facilities, works, properties and structures of the District for the collection, treatment, transmission, storage, and distribution of water and/or production of hydroelectric power, including all contractual rights to water supplies, transmission capacity supply, easements, rights-of-way and other works, property or structures necessary or convenient for such facilities, together with all additions, betterments, extension and improvements to such facilities or any part thereof hereafter acquired or constructed.

“Event of Default” means an event of default described in Section 7.01.

“Environmental Regulations” means all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive

Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, “CERCLA”), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) (together with the regulations promulgated thereunder, “RCRA”), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, “Title III”), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, “CWA”), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, “CAA”) and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 et seq.) (together with the regulations promulgated thereunder, “TSCA”), and any state or local similar Laws and Regulations and any so-called local, state or federal “superfund” or “superlien” law and any other applicable state, local or federal environmental laws or regulations.

“Federal Securities” means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Fiscal Consultant” means any consultant or firm of such consultants appointed by the District and who, or each of whom: (a) is judged by the District to have experience in matters relating to the financing of public projects; (b) is in fact independent and not under domination of the District; (c) does not have any substantial interest, direct or indirect, with the District other than as purchaser of any Parity Debt; and (d) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

“Fiscal Year” means the twelve-calendar month period ending on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his successor for community service districts in the State of California, or failing the prescription of such procedures means Generally Accepted Accounting Principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such principles.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Gross Revenues” means for each Fiscal Year, all gross income and revenue received or receivable by the District from the ownership or operation of the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including connection fees and charges) received by the District for Water Service and the other

services of the Enterprise and all other income and revenue howsoever derived by the District from the ownership and operation of the Enterprise or arising from the Enterprise, and also including all income from the deposit or investment of any money in the Revenue Fund but excluding in all cases any proceeds of taxes and any refundable deposits made to establish credit and advances or contributions in aid of construction.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants duly licensed and entitled to practice, and practicing as such appointed and paid by the District, and each of whom--

1. is in fact independent and not under the domination of the District;
2. does not have a substantial financial interest, direct or indirect, in the operations of the District; and
3. is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Independent Engineer” means any registered engineer or firm of registered engineers of national reputation generally recognized to be well qualified in engineering matters relating to the Enterprise, appointed and paid by the District, and who or each of whom (1) is in fact independent and not under the domination of the District, (2) does not have a substantial financial interest, direct or indirect, in the operations of the District, and (3) is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant to this Installment Purchase Contract for the purposes and as described in Section 3.01 hereof in the amounts on the dates designated in Exhibit to this Installment Purchase Contract.

“Installment Payment Date” means the first Business Day of each month.

“Insurance Consultant” means (a) the Risk Manager for the District or (b) any insurance consultant or firm of insurance consultants generally recognized to be well qualified in insurance consulting matters relating to the Enterprise and other municipal systems, appointed and paid by the District, and who or each of whom (1) is in fact independent and not under the control of the District, (2) does not have a substantial financial interest, direct or indirect, in the operations of the District, and (3) is not connected with the District as a Board member, officer, or employee of the District, but may regularly be retained to make reports to the District.

“Lender” means Five Star Bank, a banking corporation organized and existing under the laws of the State, and its successors and assigns.

“Maintenance and Operation Costs” of the Enterprise means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of

management and repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, and all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms hereof, such as fees and expenses of Independent Certified Public Accountants, Independent Engineers, Fiscal Consultants and Insurance Consultants, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles and intergovernmental transfers by the District which are not reimbursements or payments for overhead or other administrative expenses incurred by the District.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Installment Purchase Contract or to meet or perform its obligations under this Installment Purchase Contract on a timely basis, (c) the validity or enforceability of this Installment Purchase Contract , or (d) the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the District has notice or knowledge and which, (a) if determined adversely to the District, may have a Material Adverse Effect; (b) seek to restrain or enjoin any of the transactions contemplated hereby or by this Installment Purchase Contract; or (c) may adversely affect (i) the exclusion of interest with respect to the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes; or (ii) the ability of the District to perform its obligations under this Installment Purchase Contract.

“Maturity Date” means September 1, 2024.

“Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any period, all Gross Revenues during such period less all Maintenance and Operation Costs during such period.

“Outstanding” means all Installment Payments except Installment Payments paid or deemed to have been paid within the meaning of Article VI.

“Parity Debt” means any bonds, notes or other obligations of the District payable from and secured by a pledge of and lien on a parity with the Installment Payments, which are hereafter issued or incurred by the District in accordance with Section 5.09.

“Parity Debt Documents” means, collectively, the indenture of trust, trust agreement or other document authorizing the issuance of any Parity Debt or any securities which evidence Parity Debt.

“Permitted Investments” means any certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by Federal Deposit Insurance Corporation, and any other investment approved by the Lender that is a legal investment under the laws of the State for the moneys proposed to be invested therein.

“Project” means the additions, betterments, extensions and improvements to the District’s Enterprise as described in Exhibit A hereto.

“Revenue Fund” means the fund maintained by the District into which it deposits Gross Revenues.

“State” means the State of California.

“State Grant” means the grant from the State of \$500,000.00 to reimburse the District for the Acquisition of the Project.

“Taxable Rate” means a per annum interest rate equal to 4.25%.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Tax Code shall be deemed to be a reference to any successor to any such section.

“Water Service” means the services furnished, made available, or provided by the Enterprise for the collection, treatment, transmission, storage, and distribution of water and production of hydroelectric power.

ARTICLE II. ACQUISITION OF THE PROJECT

Section 2.01 Acquisition of the Project.

The parties hereby confirm that the District currently has the rights to acquire title to the Project. The Lender agrees to use or permit the use of the proceeds received by the District pursuant to the terms of this Installment Purchase Contract for the payment, as herein provided, of the costs and expenses of the Acquisition of the Project and the expenses incidental thereto (including reimbursement to the District for any such costs or expenses paid by it for the account of the Lender, including costs and expenses paid by the District prior to the date hereof)..

The Lender, on the Closing Date, agrees to act as follows:

(i) The amount of \$49,750.00, representing the initial Advance by the Lender of \$51,000.00, less the Lender's origination fee with respect to the Installment Payments of \$1,250.00, shall be deposited by the Lender into the Project Fund.

Pursuant to the terms of this Installment Purchase Contract, the District agrees to sell to the Lender all of its right, title and interest in and to the Project, but only to the extent the components of the Project may be legally transferred by the District, and the Lender agrees to

purchase, from the District, from time to time components of the Project on the Draw Down Dates set forth on the draw down schedule attached as Exhibit B hereto, in the manner and in accordance with the provisions of this Installment Purchase Contract. In consideration for the Installment Payments as set forth in Article III, the Lender agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Lender, from time to time components of the Project on the Draw Down Dates set forth on the draw down schedule attached as Exhibit B hereto, at the purchase prices set forth opposite such Draw Down Date on the draw down schedule attached as Exhibit B hereto and otherwise in the manner and in accordance with the provisions of this Installment Purchase Contract.

Subject to the terms and conditions of this Installment Purchase Contract and in reliance upon the representations, warranties and agreements set forth herein, including without limitation satisfaction of the conditions set forth below, the Lender agrees to make Advances to the District, on each Draw Down Date set forth on Exhibit B attached hereto occurring after the Closing Date and prior to the Commitment Termination Date, in the amount set forth opposite such Draw Down Date set forth on Exhibit B attached hereto (which shall be the purchase price of such component of the Project) but in any event not to exceed at any time outstanding the then-outstanding Available Commitment, in accordance with the procedures set forth below. The obligation of the Lender to make an Advance on any date is subject to the following conditions precedent: (a) all representations and warranties of the District set forth in this Installment Purchase Contract are true and correct as though made on the corresponding Draw Down Date, no Default or Event of Default shall have occurred and be continuing, and no event or change shall be in effect or shall have occurred that could reasonably be expected to have a Material Adverse Effect; (b) the Commitment and the obligation of the Lender to make Advances hereunder shall not have terminated pursuant to the terms of this Installment Purchase Contract; and (c) the aggregate amount of the Advance does not exceed the Available Commitment. Unless the District shall have otherwise previously advised the Lender in writing, the District shall be deemed to represent and warrant on each Draw Down Date that each such condition is satisfied on such Draw Down Date.

Subject to satisfaction of the conditions precedent set forth above, the Lender shall fund each Advance upon receipt from the District of a written request to make an Advance indicating the amount of such Advance and the date the Advance is to be made, which shall, unless waived by the Lender, be a date that is at least three (3) Business Days after the receipt by the Lender of the District's written request. The Lender, on each Draw Down Date, agrees to deposit in the Project Fund the proceeds of the Advance made by the Lender pursuant to this Installment Purchase Contract. Upon funding of each Advance, the District agrees to sell to the Lender, and the Lender agrees to purchase from the District, the component of the Project with respect to the related Draw Down Date.

The District hereby covenants to use the proceeds received from the Lender pursuant to the Advances for the costs and expenses of the Project. The District may change the specifications of the Project, so long as such change does not substantially alter the nature of the Project.

All right, title and interest in each component of the Project purchased and sold in connection with an Advance shall vest in the Lender immediately upon funding of such Advance. Such vesting shall occur without further action by the Lender or District, and the Lender shall, if

requested by the District, if necessary, to assure such automatic vesting, deliver any and all documents required to assure such vesting.

In the event the Lender fails to observe or perform any agreement, condition, covenant or term contained herein required to be observed or performed by it, the District may institute such action or proceeding against the Lender as the District may deem necessary to compel the observance or performance of such agreement, condition, covenant or term, or to recover damages for the nonobservance or nonperformance thereof; provided, however, that the District shall have no right to terminate this Installment Purchase Contract as a remedy to such failures. The District may, at its own cost and expense and in its own name or in the name of the Lender, prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to protect or secure its rights hereunder, and in such event the Lender agrees to cooperate fully with the District and to take all action necessary to effect the substitution of the District for the Lender in any action or proceeding if the District shall so request.

Section 2.02 Indemnification and Expenses of the Lender.

The District shall, to the extent permitted by law, indemnify and save the Lender, and its respective officers, agents, directors and employees, harmless from and against all claims, losses, liabilities, costs, expenses and damages, including legal fees and expenses, arising out of (a) the acceptance and performance of its duties hereunder, (b) the purchase or Acquisition of the Project or the District's use, maintenance, condition, management or operation of, or from any work or thing done on, the Project or the Enterprise by the District, including injury or damages to any persons or property arising therefrom, (c) any breach or default on the part of the District in the performance of any of its obligations under this Installment Purchase Contract, (d) any act of negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Project or the Enterprise, or (e) any environmental claims or issues. No indemnification is made under this Section for willful misconduct or negligence by the Lender or its officers, agents, directors or employees. The provisions of this Section shall continue in full force and effect, notwithstanding the termination of the term of this Installment Purchase Contract for any reason.

Section 2.03 District to Acquire Project; Lender not Liable.

The District shall cause the Acquisition of the Project to be completed as soon as is reasonably practicable and in accordance with this Installment Purchase Contract and any applicable requirements of governmental authorities and law. The Lender and its directors, officers and employees shall not be liable to the District or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on, or about or relating to the Project, and in no event shall the Lender be liable for any incidental, indirect, special or consequential damage in connection herewith or arising hereunder.

Section 2.04 Disclaimer of the Lender.

The District acknowledges and agrees that the Lender makes no representation or warranty, express or implied, as to the Enterprise or the Project, except as expressly set forth in this Installment Purchase Contract. The District acknowledges that all risks relating to the Enterprise,

the Project or the transactions contemplated hereby, are to be borne by the District, and the benefits of any and all implied warranties and representations of the Lender are hereby waived by the District.

Section 2.05 Project Fund.

The District hereby agrees to establish and maintain the Project Fund until the completion of the Acquisition of the Project. On the Closing Date, \$49,750.00 shall be deposited into the Project Fund. The District covenants that the Project Fund shall be maintained for the duration of this Installment Purchase Contract. The District hereby grants to the Lender a first priority security interest in the Project Fund.

ARTICLE III.
INSTALLMENT PAYMENTS, REVENUES AND ACCOUNTS

Section 3.01 Payment of the Installment Payments.

(a) Installment Payments. The District shall make monthly interest payments on each Installment Payment Date based the outstanding amount of total Advances as set forth in Exhibit B hereto. Interest shall be begin to accrue on each Draw Down Date at the rate of 2.98% per annum on the basis of a year of 360 days and the actual days elapsed. On the Maturity Date, the District shall repay the total principal amount of the Advances, as set forth on Exhibit B hereto, together with interest thereon. The Installment Payments shall, subject to any rights of prepayment of the District provided in Article VI, be due in their entirety on the Maturity Date.

(b) Obligations Absolute. Each Installment Payment shall be payable to the Lender in accordance with the terms hereof and at the times required by this Section 3.01 in lawful money of the United States of America. In the event the District fails to make any of the payments required to be made by it under this Section 3.01, such payment shall continue as an obligation of the District until such amount shall have been fully paid and the District agrees to pay the same with the stated interest thereon at the rate set forth in the preceding paragraph. Subject to Section 8.01 hereof, the obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as all Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article VI hereof), the District will not, under any circumstances, discontinue, abate or suspend any Installment Payments required to be made by it under this Section 3.01 when due, whether or not the Enterprise or any part thereof is operating or operable or has been completed, or whether or not the Enterprise is condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained herein for any cause whatsoever.

Section 3.02 Interest Component of the Installment Payments.

The Installment Payments shall bear interest from the Closing Date until the payment of the principal thereof and the prepayment premiums, if any, thereon, shall have been made or provided for in accordance with the provisions of Article VI hereof, whether at maturity, upon

prepayment or otherwise. Interest accrued on the Installment Payments from the Closing Date and from each Installment Payment Date to, but not including, the next succeeding Installment Payment Date shall be paid on each such succeeding Installment Payment Date and shall be computed on the basis of a year of 360 days and the actual days elapsed. In the event of an Event of Default hereunder, the interest component of the portion of the Installment Payments shall be calculated based on the Default Rate. In the event of a Determination of Taxability, the rate of interest on the Installment Payments shall be calculated at the Taxable Rate from the date of the Determination of Taxability.

Section 3.03 Establishment of Accounts.

The funds and accounts and flow of funds set forth in this Article III are hereby established and shall control to the extent inconsistent with any other terms of this Installment Purchase Contract.

Section 3.04 Pledges of Net Revenues and Other Funds; Debt Service Account.

The District hereby irrevocably pledges all the Net Revenues to the punctual payment of the Installment Payments and all payments with respect to Parity Debt, on a parity basis, and such Net Revenues, except as otherwise permitted herein, shall not be used for any other purpose while any of the Installment Payments are due hereunder. The pledge of Net Revenues to secure the Installment Payments and payments with respect to Parity Debt shall constitute a first lien on the Net Revenues, for the payment of such Installment Payments and payments with respect to Parity Debt in accordance with the terms hereof.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of the Net Revenues by the District for the repayment of the principal of, premium, if any, and interest components of the Installment Payments constitutes a first lien and security interest which immediately attaches to such Net Revenues, and is effective and binding against the District, the Lender, their successors, creditors and all others asserting rights therein irrespective of whether those parties have notice of the pledge, irrespective of whether such amounts are or may be deemed to be a fixture and without the need for physical delivery, recordation, filing or further act.

There is hereby established with the Lender an account known as the "Debt Service Account," which the District shall maintain and hold in trust separate and apart from other funds held by it. Installment Payments made by the District shall be deposited in the Debt Service Account. Such payments shall be net of amounts already on deposit therein in excess of the amount required to accumulate therein pursuant to Section 3.01 above. The District shall transfer the money contained in the Debt Service Account at the following respective times in the following respective amounts in the following order of priority, each of which accounts the District hereby agrees to establish and maintain as follows, and the money in each of such accounts shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Debt Service Account. All moneys in the Debt Service Account shall be used and withdrawn by the District solely for the purpose of paying Installment Payments to the Lender on each Installment Payment Date. The District hereby authorizes the Lender to make automatic deductions from the District's operating account established with the bank to transfer

amounts to the Debt Service Account each month and to apply an amount equal to the amount of the Installment Payments prior to the Due Date for such Installment Payments.

Section 3.05 Receipt and Deposit of Gross Revenues; Establishment and Maintenance of Accounts for Gross Revenues; Use and Withdrawal of Gross Revenues.

The District covenants and agrees that all Gross Revenues, when and as received, will be received and held by the District in trust hereunder for the benefit of the Lender and for the benefit of the holders of Parity Debt. All Gross Revenues will be deposited by the District in the Revenue Fund (which the District hereby covenants and agrees to maintain with the Lender so long as any Installment Payments are due hereunder) and will be accounted for and held in trust in the Revenue Fund; provided, the District may withdraw such amounts in the Revenue Fund as may be necessary to make refunds for amounts paid in advance for services provided by the Enterprise, which service was not thereafter made available or provided. All Gross Revenues held by the District shall be disbursed, allocated and applied solely to the uses and purposes set forth in this Article III, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

All Gross Revenues in the Revenue Fund shall be set aside or deposited by the District as follows in the following order of priority:

(a) Maintenance and Operation Costs of the Enterprise. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Enterprise, the payment of which is not then immediately required) from the moneys in the Revenue Fund as they become due and payable.

(b) Debt Service. Installment Payments payable pursuant to Section 3.01 above and payments with respect to Parity Debt shall be paid in accordance with the terms hereof and the terms of the Parity Debt Documents, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(c) General Expenditures. All Gross Revenues not required to be withdrawn pursuant to the provisions of (a) and (b) above shall be used for expenditure for any lawful purpose of the District, including payment of any rebate requirement or any obligation subordinate to the payment of all amounts due hereunder.

Section 3.06 Investment of Funds.

Amounts on deposit in any fund or account created pursuant to this Installment Purchase Contract may be invested in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such money is anticipated to be needed for disbursement hereunder. Interest or profit received on such investments shall be deposited to the Debt Service Account in which such investments are then held. In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest.

If at any time after investment therein, a Permitted Investment ceases to meet the criteria set forth in the definition of Permitted Investments and such obligation, aggregated with other non-conforming investments, exceeds five percent (5%) of invested funds, such Permitted Investment shall be sold or liquidated.

**ARTICLE IV.
RESERVED**

**ARTICLE V.
REPRESENTATIONS, COVENANTS AND WARRANTIES**

Section 5.01 Compliance with Installment Purchase Contract.

The District will not suffer or permit any material default by it to occur under this Installment Purchase Contract, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by it.

Section 5.02 Observance of Laws and Regulations.

The District will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 5.03 Prosecution and Defense of Suits.

The District will promptly, upon request of the Lender, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Project or any part thereof, whether now existing or hereafter developing; prosecute all actions, suits or other proceedings as may be appropriate for such purpose; and indemnify and save the Lender harmless from all cost, damage, expense or loss, including reasonable attorneys' fees, which the Lender may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 5.04 Accounting Records and Statements.

The District will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the District relating to the receipt, deposit and disbursement of the Gross Revenues, Net Revenues and Installment Payments, and such accounting records shall be available for inspection by the Lender or its agent duly authorized in writing on any Business Day upon reasonable notice at reasonable hours.

Section 5.05 Further Assurances.

Whenever and so often as requested to do so by the Lender, the District will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Lender all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by this Installment Purchase Contract.

Section 5.06 Against Encumbrances.

The District hereby represents that there is no pledge of or lien on Net Revenues senior to the pledge and lien securing the Installment Payments. The District will not make any pledge of or place any lien on the Net Revenues.

Section 5.07 Against Sale or Other Disposition of Property.

The District will not sell, lease, encumber or otherwise dispose of the Enterprise or any part thereof in excess of one-half of one percent of the book value of the Enterprise in any Fiscal Year, unless an Authorized Officer certifies that such sale, lease, encumbrance or disposition will not materially adversely affect the operation of the Enterprise or the Net Revenues; provided however, any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Enterprise, or any material or equipment which has become worn out, may be sold or exchanged at not less than the fair market value thereof and the proceeds (if any) of such sale or exchange shall be deposited in the Revenue Fund.

The District will not enter into any agreement or lease which would impair the ability of the District to meet the covenant set forth in Section 5.16 hereof or which would otherwise impair the rights of the Lender or the operation of the Enterprise.

Section 5.08 Against Competitive Facilities.

To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers and excluding any water system existing on the date of execution of this Installment Purchase Contract, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any water or utility system competitive with the Enterprise.

Section 5.09 Issuance of Parity Debt.

Only with the prior written consent of the Lender, the District may issue or incur any Parity Debt at any time and from time to time during the term of this Installment Purchase Contract; provided that, in addition to the written consent of the Lender, all of the following conditions precedent shall be satisfied prior to the issuance of such Parity Debt:

- (a) no Event of Default has occurred and is continuing; and

(b) the Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Certified Public Accountant or a Fiscal Consultant or shown in the audited financial statements of the District, at least equal 125% of the maximum amount of Installment Payments and maximum payments on outstanding Parity Debt (including the Parity Debt then proposed to be issued) coming due and payable in the current or any future Fiscal Year. For purposes of determining the amount of Net Revenues under this subsection (b), such amount may be increased by any or all of the following amounts as determined by the District:

(i) an allowance for Net Revenues from any additions or improvements to or extensions of the Enterprise to be made with the proceeds of such Parity Debt and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a Fiscal Consultant retained by the District; and

(ii) an allowance for Net Revenues arising from any increase in the fees or charges made for service from the Enterprise which has become effective prior to the incurring of such Parity Debt but which, during all or any part of the latest Fiscal Year, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in fees or charges had been in effect during the whole of such Fiscal Year, all as shown by the certificate or opinion of a Fiscal Consultant retained by the District.

(c) All conditions to the issuance of such Parity Debt as set forth in the Parity Debt Documents must be met, and the District shall file with the Lender a written certificate to such effect, signed on behalf of the District by an Authorized Officer.

Section 5.10 Maintenance and Operation of the Enterprise; Budgets.

The District will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner. The District will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.11 Payment of Claims.

The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Gross Revenues or any part thereof, or on any funds in the control of the District prior or superior to the lien of the Installment Payments or which might impair the security of this Installment Purchase Contract ; provided the District shall not be obligated to make such payment so long as the District contests such claim in good faith.

Section 5.12 Compliance with Contracts.

The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, expressed or implied, required to be performed by it contained in all contracts for the use of the Enterprise and all other contracts affecting or involving the Enterprise to the extent that the District is a party thereto.

Section 5.13 Insurance.

(a) The District will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises, but not exceeding \$25,000 per policy, and in a coverage amount which is not less than the unpaid principal balance of the Installment Payments and the principal component of any Parity Debt.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims, unless the District determines that such reconstruction, repair, or replacement is not necessary to the efficient or proper operation or use of the Enterprise and therefore determines not to reconstruct, repair, or replace such damaged or destroyed portion of the Enterprise. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds shall be deposited in such funds and accounts of the District as is permitted by law.

The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof, such insurance to cover all persons employed in connection with the Enterprise.

The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

Section 5.14 Books and Accounts; Financial Statements; Reporting Requirements.

(a) The District shall keep proper books of record and accounts of the Enterprise and the Debt Service Account all separate from all other records and accounts, in which

complete and correct entries shall be made of all transactions relating to the Enterprise and relating to the funds created by this Installment Purchase Contract. Said books shall, upon prior request, be subject to the inspection by the Lender, or its representatives authorized in writing, upon not less than three (3) Business Days' prior notice to the District.

(b) The District shall cause the books and accounts of the Enterprise, which shall include a statement of revenues and expenditures and changes in fund balances, a balance sheet and a statement of cash flow, to be audited annually by an Independent Certified Public Accountant, not more than 180 days after the close of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021.

(c) The District shall send a copy of its audited financial statements to the Lender not more than 180 days after the close of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021. Simultaneously with the delivery of such financial statements, the District shall deliver to the Lender a certificate signed by an Authorized Officer (i) stating that the District is in compliance with the covenants set forth in Section 5.16 relating to the rates and charges for the Enterprise for such Fiscal Year, and (ii) attesting that, subject to the provisions hereof, to the best of his/her knowledge, the District has kept, observed, performed and fulfilled every covenant, provision and condition applicable to the District contained in this Installment Purchase Contract, and no Event of Default has occurred, or if an Event of Default has occurred such certificate shall specify such event or condition, the nature and status thereof and any remedial steps taken or proposed to correct such event or condition.

(d) No later than thirty (30) days after its adoption, the District shall send to the Lender a copy of the annual budget of the Enterprise and any amendment or supplement thereto.

(e) The District shall immediately notify the Lender by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Installment Purchase Contract, together with a detailed statement by an Authorized Officer of the steps being taken by the District to cure the effect of such Event of Default.

(f) The District shall promptly notify the Lender in writing (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the District or any of the Enterprise, the Gross Revenues or the Net Revenues which involve claims equal to or in excess of \$100,000 or that seeks injunctive relief; or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of \$100,000.

(g) The District shall promptly notify the Lender in writing of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any of the Gross Revenues or Net Revenues.

(h) The District shall promptly notify the Lender in writing in the event of any termination or cancellation of any insurance policy which the District is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the District property in excess of an aggregate of \$100,000.

(i) The District shall file with the Lender such additional information as the Lender may reasonably request in writing, within a reasonable period of time after the receipt of such written request by the District.

Section 5.15 Payment of Taxes and Compliance with Governmental Regulations.

The District will pay and discharge all taxes, assessments and other governmental charges, if any, which may hereafter be lawfully imposed upon the Enterprise or any part thereof or upon the Gross Revenues when the same shall become due and the District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof. However, the District shall not be required to make such payments, or to comply with any regulations or requirements, so long as the payment or validity or application thereof shall be contested in good faith.

Section 5.16 Amounts of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the beginning of each Fiscal Year, rates and charges (including land based charges) for the Water Service provided by the Enterprise which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred twenty five percent (125%) of Installment Payments and any payments with respect to Parity Debt payable during such Fiscal Year.

(b) The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this Section 5.16.

Section 5.17 Collection of Rates and Charges.

The District will have in effect at all times rules and regulations requiring all users of the Enterprise to pay the assessments, rates, fees and charges applicable to the Enterprise provided or made available to such users. Such rules and regulations shall also provide for the billing thereof and for a due date and a delinquency date for each bill.

Section 5.18 Eminent Domain Proceeds.

If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the District certifies (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations

hereunder and under any Parity Debt Documents will not be substantially impaired (which determination shall be final and conclusive); then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such certification and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in such funds and accounts of the District as is permitted by law.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Installment Payments and the payments with respect to Parity Debt in the manner provided herein.

Section 5.19 Notification of Material Adverse Effect.

The District shall timely inform the Lender of any Material Adverse Effect upon learning of the existence of such an effect.

Section 5.20 Tax Covenants.

The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest with respect to the Installment Payments to become includable in gross income for federal income tax purposes. To that end, the District hereby makes the following specific covenants:

(a) The District hereby covenants that it shall not make or permit any use of the proceeds of this Installment Purchase Contract that may cause this Installment Purchase Contract to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The District covenants that the proceeds of this Installment Purchase Contract will not be used as to cause the proceeds of this Installment Purchase Contract to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) The District hereby designates this Installment Purchase Contract as a “qualified tax-exempt obligation” under Section 265(b)(3) of the Tax Code.

(d) The District covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause this Installment Purchase Contract to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

In furtherance of the covenants stated in this Section, the District shall comply with the requirements of the Tax Certificate executed in connection with this Installment Purchase Contract.

Section 5.21 No Priority for Additional Obligations; Compliance with Parity Debt Documents.

The District may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments. The District shall observe and perform all of the covenants, agreements and conditions on its part required to be observed and performed under the Parity Debt Documents. The District shall not take or omit to take any action within its control which would, or which if not corrected with the passage of time would, constitute an event of default under any Parity Debt Documents.

Section 5.22 Against Encumbrances.

The District will not mortgage or otherwise encumber, pledge or place any charge or lien upon any of the Net Revenues except as provided in this Installment Purchase Contract and (except for the Parity Debt) will not issue any obligations secured by Net Revenues on a parity with, or senior to, the Installment Payments and Parity Debt; provided, that the District may issue subordinate obligations.

Section 5.23 Further Representations, Covenants and Warranties of the District.

The District represents, covenants and warrants to the Lender as follows:

(a) The District is a duly organized and validly existing community services district of the State of California.

(b) The Constitution and the laws of the State authorize the District to enter into this Installment Purchase Contract and to enter into the transactions contemplated hereby and to carry out its obligations under each of the aforesaid agreements, and the District has duly authorized and executed each of the aforesaid agreements in accordance with the laws of the State.

(c) The District is empowered to set rates and charges for services provided by the Enterprise provided to the users of the Enterprise without review or approval by any state or local governmental agency.

(d) This Installment Purchase Contract and the pledge of Net Revenues is a first lien and pledge on Net Revenues.

(e) Neither the execution and delivery of this Installment Purchase Contract or any documents contemplated hereby nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the District.

(f) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Installment Payments or the

consummation of the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

(g) The District does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Installment Purchase Contract or otherwise with respect to the Installment Payments. To the extent the District has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Installment Purchase Contract or otherwise with respect to the Installment Payments.

(h) The District is in full compliance with all laws and regulations, including Environmental Regulations, and the District shall remain in compliance with such laws and regulations, including Environmental Regulations.

(i) The District shall not pledge or encumber its interest in the State Grant and shall apply the State Grant when received toward repayment in full of all outstanding Advances.

Section 5.24 Representations, Covenants and Warranties of the Lender.

The Lender represents, covenants and warrants to the District as follows:

(a) The Lender is duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Installment Purchase Contract and to carry out and consummate all transactions contemplated by hereby and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Contract.

(b) The execution and delivery of this Installment Purchase Contract and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Lender is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Lender.

(c) The Lender will not assign this Installment Purchase Contract or its right to receive Installment Payments from the District, or its duties and obligations under this Installment Purchase Contract to any other person, firm or corporation, except to affiliates of the Lender or to banks, insurance companies or other financial institutions or their affiliates, including participation arrangements with such entities; provided, (i) no such assignment shall be made that would cause there to be more than 15 such assignees or any interest in the Installment Payments of less than \$100,000 and (ii) such assignee shall deliver a letter of representations to the District acceptable to the District and in substantially the same form delivered by the Lender in connection with the execution of this Installment Purchase Contract.

Section 5.25 Representations, Covenants and Warranties of the District and the Lender.

The District and the Lender represent, warrant and covenant that: (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Lender and its affiliates, (ii) in connection with such transaction, the Lender and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), an agent or a fiduciary of the District, (iii) the Lender and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Lender, or any affiliate of the Lender, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Lender and its affiliates have financial and other interests that differ from those of the District, and (vi) each of the District and the Lender has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

ARTICLE VI.
PREPAYMENT OF INSTALLMENT PAYMENTS

Section 6.01 Prepayment.

(a) The District may prepay the unpaid principal balance of the Installment Payments in whole or in part, on any Installment Payment Date on or after October 1, 2021, without incurring any prepayment penalty.

(b) The District may or shall, as the case may be, prepay on any date from the Net Proceeds of insurance or condemnation awards, as provided herein, all or any part, of the principal amount of the unpaid Installment Payments, pro-rata among the remaining Installments Payments, at a prepayment price equal to the sum of the principal amount prepaid plus accrued and unpaid interest thereon to the date of prepayment, without premium.

In the event that a portion of the Installment Payments shall have been prepaid by the District pursuant to this section, the total amount of all future payments set forth in the schedule attached hereto as Exhibit B shall be reduced by the aggregate amount of Installment Payments so prepaid, as the case may be, as agreed to in writing by the Lender. The Lender shall provide the District a revised schedule of Installment Payments.

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article III hereof, until the entire principal amount of the unpaid Installment Payments together with the interest accrued thereon, if any, and together with the ordinary and extraordinary fees, costs and expenses of the Lender, shall have been fully paid and the Installment Payments are no longer due hereunder (or provision for payment thereof shall have been made pursuant to Section 6.03 hereof).

Section 6.02 Method of Prepayment.

Before making any prepayment pursuant to Section 6.01, the District shall give written notice to the Lender specifying the date on which the prepayment will be made, which date shall be not less than thirty (30) days from the date such notice is given.

Section 6.03 Security Deposit.

Notwithstanding any other provision of this Installment Purchase Contract, the District may secure the payment of all or a portion of the Installment Payments by a deposit with the Lender or, at the Lender's sole option, a bank or trust company acceptable to the Lender, as escrow holder under an escrow deposit and trust agreement, of either (i) cash in an amount which is sufficient to pay such unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit B attached hereto, or (ii) non-callable Federal Securities or pre-refunded non-callable municipal obligations rated "AA" and "Aa" by S&P and Moody's, respectively, together with cash if required, in such amount as will, without reinvestment, in the opinion of an Independent Certified Public Accountant (which opinion shall be addressed to the Lender), together with interest to accrue thereon, be fully sufficient to pay such unpaid Installment Payments on their payment dates so that such Installment Payments shall be defeased; provided, that prior to any such deposit or defeasance, the District must provide an opinion of nationally recognized bond counsel addressed to the Lender to the effect that such deposit and defeasance will not cause the interest component of the Installment Payments to be included in gross income for federal income tax purposes. In the event of any shortfall, the District shall deposit from legally available funds such amounts as is necessary to make up such shortfall. In all cases, deposits of cash or Federal Securities made to secure the Installment Payments pursuant to this paragraph shall be kept in segregated escrow accounts or escrow subaccounts and such deposits shall not be commingled for any reason.

In the event of deposits pursuant to this Section 6.03 sufficient to fully defease all of the Installment Payments, and provided that all other amounts payable by the District hereunder have been paid in full, all obligations of the District under this Installment Purchase Contract shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all Installment Payments from the deposits made by District pursuant to this Section 6.03 and the obligation to pay amounts due to the Lender. Said deposits shall be deemed to be and each of the deposits shall constitute a separate special fund that may be used solely for the payment of the Installment Payments in accordance with the provisions of this Installment Purchase Contract, and pending such application shall be held in trust and pledged to and for the sole benefit of the Lender and any assignee or transferee of the Lender. The District hereby grants to the Lender a first priority security interest in any amounts so deposited.

ARTICLE VII.
EVENTS OF DEFAULT AND REMEDIES

Section 7.01 Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities.

If one or more of the following events shall happen (an "Event of Default"):

(a) default shall be made in the due and punctual payment by the District of any Installment Payment when and as the same shall become due and payable;

(b) default shall be made by the District in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Lender;

(c) any financial statement or certificate furnished to the Lender in connection with the execution of this Installment Purchase Contract, or any representation or warranty made by the District shall prove to be incorrect, false or misleading in any material respect when furnished or made;

(d) the District shall file a petition seeking arrangement or reorganization under federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

(e) the occurrence of any event of default under and as defined in any Parity Debt Documents;

(f) this Installment Purchase Contract or any material provision of this Installment Purchase Contract shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder;

(g) the dissolution, termination of existence, insolvency or business failure of the District; or

(h) the occurrence of any event that has a Material Adverse Effect on the District or this Installment Purchase Contract;

then and in each and every such case during the continuance of such Event of Default the Lender may, by notice in writing to the District declare all of the principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything herein to the contrary notwithstanding.

This provision, however, is subject to the condition that, except with respect to an Event of Default under subsection (d) above, if at any time after such principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared immediately due and payable and before the acceleration date or the date of any judgment or decree for the payment of the money due shall have been obtained or entered:

(1) the District shall deposit with the Lender a sum sufficient to pay (x) all delinquent Installment Payments then-due and owing and causing an Event of Default under subsection (a) above and the accrued interest thereon, with any interest due on such overdue installments, and (y) the reasonable expenses of the Lender incurred as the result of such Event of Default, and

(2) any and all other defaults known to the Lender (other than in the payment of such overdue principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Lender or provision deemed by the Lender to be adequate shall have been made therefor, then and in every such case the Lender, by written notice to the District, may rescind and annul such declaration of immediate payment of all of the principal amount of the unpaid Installment Payments and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 7.02 Application of Funds Upon Default.

All moneys and investments in the funds and accounts held hereunder upon the date of the declaration of an Event of Default as provided in Section 7.01, and all Gross Revenues thereafter received shall be applied as follows:

(a) Unless the principal of all Installment Payments shall have become or shall have been declared due and payable:

First: To the payment to the persons entitled thereto of the interest portion of all Installments Payments, with interest on overdue installments, if lawful, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Installment Payments which shall have become due, with interest at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Installment Payments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If all of the Installment Payments shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Installment Payments, with interest on overdue interest and principal, as aforesaid, without preference or priority over interest or of interest over principal or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Section 7.03 Other Remedies of the Lender.

The Lender may:

- (a) by mandamus or other action or proceeding or suit at law or in equity enforce its rights against the District, or any board member, officer or employee thereof, and compel the District or any such board member, officer or employee to perform and carry out its or his duties under applicable law and the agreements and covenants contained herein required to be performed by it or him;
- (b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Lender;
- (c) by suit in equity upon the happening of an Event of Default require the District and its board members, officers and employees to account as the trustee of an express trust; or
- (d) by suit in equity, to seek the appointment of a receiver or other third party to operate the Enterprise and collect the Gross Revenues.

Section 7.04 Non-Waiver.

Nothing in this Article VII or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments to the Lender at the respective due dates or upon prepayment from the Gross Revenues, or, except as expressly provided herein, shall affect or impair the right of the Lender which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Lender shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Lender by applicable law or by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely, the parties shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.05 Remedies Not Exclusive.

No remedy herein conferred upon or reserved is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other law.

ARTICLE VIII.
MISCELLANEOUS

Section 8.01 Liability of District Limited.

Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the Installment Payments or for the performance of any agreements or covenants contained herein required to be performed by it. The District may, however, but shall not be required to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Installment Payments and the other amounts due hereunder is a special obligation of the District payable solely from the Net Revenues and does not constitute a debt or pledge of the faith and credit of the District or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 8.02 Benefits of Installment Purchase Contract Limited to Parties.

Except as provided in Section 8.03, nothing contained herein, express or implied, is intended to give to any person other than the District or the Lender any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Lender shall be for the sole and exclusive benefit of the other party.

Section 8.03 Successor Deemed Included in All References to Predecessor.

Whenever the District or the Lender is named or referred to herein, such reference shall be deemed to include the successor and assigns to the powers, duties and functions that are presently vested in the District or the Lender, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Lender shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 8.04 Waiver of Personal Liability.

No board member, officer or employee of the District or the Lender shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any board member, officer or employee of the District or the Lender from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 8.05 Article and Section Headings, Gender and References.

The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to

Section 8.10 Effective Date.

This Installment Purchase Contract shall become effective upon its execution and delivery and shall terminate when all Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Lender pursuant to Article VI hereof).

Section 8.11 Execution in Counterparts.

This Installment Purchase Contract may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 8.12 Amendments.

This Installment Purchase Contract may be amended in writing as may be mutually agreed by the District and the Lender in a signed writing. Any amendment made in violation of this Section 8.12 shall be a nullity and void.

Section 8.13 Expenses.

The fees and disbursements of Bond Counsel, the fees and disbursements of the financial advisor to the District, the cost of preparing the documents, fees of the counsel to the Lender and other miscellaneous expenses of the District incurred in connection with the execution and delivery of this Installment Purchase Contract , including CDIAC fees, shall all be the obligation of the District. The Lender shall have no responsibility for any expenses associated with the issuance of this Installment Purchase Contract , including, but not limited to, the expenses identified above as the obligation of the District.

Section 8.14 Restrictions on Agreement.

The District and the Lender understand that this Installment Purchase Contract shall not be, and the District and the Lender shall not cause this Installment Purchase Contract to be, (a) assigned a rating by any credit rating agency, (b) registered with The Depository Trust Company or any other securities depository, (c) offered pursuant to any type of offering document or official statement, (d) assigned a DTC-registered CUSIP number by Standard & Poor's CUSIP Service or (e) listed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

Section 8.15 Website Disclosure.

If the District elects or is required to post this Installment Purchase Contract and related documentation on a national public market repository, the District may do so with certain information redacted pursuant to this Section. With respect to any such posting, the District shall provide such documentation to the Lender for review with reasonable advance notice prior to any posting deadline imposed by applicable law and shall consider in good faith reasonable redaction requests of the Lender Sensitive Data (defined below) that are provided within a reasonable period prior to such posting deadline. The District shall redact such "Bank Sensitive Data" as directed by the Lender. For the purpose of this Section, "Bank Sensitive Data" means signatures/names,

account numbers, wire transfer and payment instructions and any other data that could be reasonably construed as sensitive information.

Section 8.16 Judicial Reference.

TO THE EXTENT PERMITTED BY LAW, THE LENDER AND THE DISTRICT HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INSTALLMENT PURCHASE CONTRACT OR ANY OF THE RELATED DOCUMENTS OR THE TRANSACTION CONTEMPLATED HEREBY OR THEREBY. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, THE LENDER AND THE DISTRICT HEREBY CONSENT TO THE ADJUDICATION OF ANY AND ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ANY AND ALL ISSUES IN SUCH REFERENCE WHETHER FACT OR LAW. THE LENDER AND THE DISTRICT REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF ITS CHOICE ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS INSTALLMENT PURCHASE CONTRACT MAY BE FILED AS A WRITTEN CONSENT TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

**MCCLLOUD COMMUNITY SERVICES
DISTRICT**

By: _____
General Manager- Amos McAbier

FIVE STAR BANK

By: _____
Authorized Signatory

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project consists of the financing of improvements to the District's Enterprise, including Water.

RESOLUTION NO. 9, 2021

**A RESOLUTION OF THE MCCLLOUD COMMUNITY SERVICES DISTRICT
AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF
AN INSTALLMENT PURCHASE CONTRACT AND AUTHORIZING THE
EXECUTION OF OTHER NECESSARY DOCUMENTS AND RELATED
ACTIONS**

WHEREAS, McCloud Community Services District (the “District”) is a community services district duly organized and validly existing under the laws of the State of California;

WHEREAS, the District is authorized by the laws of the State of California, including, but not limited to Section 43500 of the California Water Code, to purchase, or lease, or otherwise acquire, hold and enjoy, real and personal property of every kind within or without the District through the execution of installment purchase contracts;

WHEREAS, the District desires to finance the acquisition, installation, improvement, and equipping of certain infrastructure, including concrete bunkers for use with the District's water wells to enhance protection, and other improvements in connection with the District's water system (the “Project”);

WHEREAS, in order to finance the Project, the District desires to enter into an Installment Purchase Contract (Water) (the “Installment Purchase Contract”) with Five Star Bank (the “Bank”) in the form presented to this meeting, with such changes, insertions and omissions as are made in accordance with the terms of Resolution; and, pursuant to which the District will sell the Project to the Bank in return for certain funds, which the District will use to finance the Project;

WHEREAS, pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), under certain circumstances, certain obligations the interest on which is excluded from federal income tax under Section 103 of the Code may be designated by the issuer thereof as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax exempt obligations to deduct for federal income tax purposes a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code;

WHEREAS, the Board of Directors of the District (the “Board”) wishes to designate the Installment Purchase Contract as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code;

WHEREAS, California Government Code Section 5852.1 (“Section 5852.1”) requires that the Board obtain from an underwriter, municipal advisor or private lender, and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the Installment Purchase Contract, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Installment Purchase Contract, (b) the sum of all fees and charges paid to third parties with respect to the Installment Purchase Contract, (c) the amount of proceeds of the Installment Purchase Contract expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract, and (d) the sum total of all debt service payments on the Installment

Purchase Contract calculated to the final maturity of the Installment Purchase Contract plus the fees and charges paid to third parties not paid with the proceeds of the Installment Purchase Contract (the “Good Faith Estimates”);

WHEREAS, in compliance with Section 5852.1, the Board obtained the required Good Faith Estimates and such Good Faith Estimates are disclosed and set forth on Exhibit A attached hereto; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing and refinancing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, the Board of Directors of the District **DOES HEREBY RESOLVE, DETERMINE AND ORDER:**

Section 1. All of the recitals herein contained are true and correct and the Board so finds.

Section 2. The form of Installment Purchase Contract submitted to this meeting and made a part hereof as though set forth herein is hereby approved. The President of the Board, and such other members of the Board as the President may designate, the General Manager of the District, and such other officers of the District as the President of the Board may designate (each an “Authorized Officer”) are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Installment Purchase Contract in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, with the advice and approval of the District’s General Counsel, such requirement or approval to be conclusively evidenced by the execution and delivery of the Installment Purchase Contract by such Authorized Officer. In connection therewith, the District approves the execution and delivery of the Installment Purchase Contract so long as the maturity of the Installment Payments (as defined in the Installment Purchase Contract) does not extend beyond November 1, 2024, the interest rate with respect to the Installment Payments does not exceed 2.98%, and the principal component of the Installment Payments does not exceed \$250,000.

Section 3. The Installment Payments due under the Installment Purchase Contract are hereby designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The Board hereby finds and determines that the aggregate face amount of all tax- exempt obligations (other than private activity bonds) issued by the District (and all subordinate entities thereof) during calendar year 2021 is not expected to exceed \$10,000,000.

Section 4. The Officers and staff of the District are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, agreements and certificates including but not limited to a tax certificate, fee agreement, costs of issuance agreement, custodian agreement or other agreement, which in consultation with District’s General Counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting held on September 27, 2021.

President- Catherine Young

ATTEST:

District Secretary- Andrea Mills

I, hereby certify that the foregoing Resolution No. 9, 2021 was passed and adopted at a regular meeting of said Board on the 27th day of September, 2021, by the following vote, to wit:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of September, 2021.

District Secretary - Andrea Mills

Exhibit A

GOOD FAITH ESTIMATES

The following information is provided in compliance with California Government Code Section 5852.1 with respect to the Installment Purchase Contract:

1. *True Interest Cost of the Installment Purchase Contract.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Installment Purchase Contract, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Installment Purchase Contract, is 3.28555%.

2. *Finance Charge of the Installment Purchase Contract.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the District's finance charge of the Installment Purchase Contract, which means the sum of all fees and charges paid to third parties from the principal amount of the Installment Purchase Contract, is \$1,125.

3. *Amount of Proceeds to be Received by the District.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the District for sale of the Installment Purchase Contract less the finance charge of the Installment Purchase Contract described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract, is \$248,875.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Installment Purchase Contract plus the finance charge of the Installment Purchase Contract described in paragraph 2 above not paid with the proceeds of the Installment Purchase Contract, calculated to the final maturity of the Installment Purchase Contract, is \$261,355.92.

**INSTALLMENT PURCHASE CONTRACT
(SEWER)**

between the

MCCLOUD COMMUNITY SERVICES DISTRICT

and

FIVE STAR BANK

Dated as of September 1, 2021

TABLE OF CONTENTS

Page

ARTICLE I.
DEFINITIONS

Section 1.01 Definitions..... 1

ARTICLE II.
SALE AND PURCHASE OF THE PRIOR PROJECT

Section 2.01 Sale and Purchase of the Prior Project..... 6
Section 2.02 Indemnification and Expenses of the Lender 7
Section 2.03 Lender not Liable..... 7
Section 2.04 Disclaimer of the Lender 7

ARTICLE III.
INSTALLMENT PAYMENTS, REVENUES AND ACCOUNTS

Section 3.01 Payment of the Installment Payments..... 8
Section 3.02 Interest Component of the Installment Payments 8
Section 3.03 Establishment of Accounts 9
Section 3.04 Pledges of Net Revenues and Other Funds; Debt Service Account;
Reserve Account 9
Section 3.05 Receipt and Deposit of Gross Revenues; Establishment and
Maintenance of Accounts for Gross Revenues; Use and Withdrawal
of Gross Revenues 10
Section 3.06 Investment of Funds..... 11

ARTICLE IV.

RESERVED 11

ARTICLE V.
REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 5.01 Compliance with Installment Purchase Contract..... 11
Section 5.02 Observance of Laws and Regulations..... 11
Section 5.03 Prosecution and Defense of Suits 11
Section 5.04 Accounting Records and Statements 12
Section 5.05 Further Assurances..... 12
Section 5.06 Against Encumbrances..... 12

Section 5.07	Against Sale or Other Disposition of Property	12
Section 5.08	Against Competitive Facilities.....	12
Section 5.09	Issuance of Parity Debt	13
Section 5.10	Maintenance and Operation of the Enterprise; Budgets	13
Section 5.11	Payment of Claims	14
Section 5.12	Compliance with Contracts.....	14
Section 5.13	Insurance	14
Section 5.14	Books and Accounts; Financial Statements; Reporting Requirements	15
Section 5.15	Payment of Taxes and Compliance with Governmental Regulations	16
Section 5.16	Amounts of Rates and Charges.....	16
Section 5.17	Collection of Rates and Charges.....	16
Section 5.18	Eminent Domain Proceeds.....	16
Section 5.19	Notification of Material Adverse Effect	17
Section 5.20	Tax Covenants	17
Section 5.21	No Priority for Additional Obligations; Compliance with Parity Debt Documents.....	18
Section 5.22	Against Encumbrances.....	18
Section 5.23	Further Representations, Covenants and Warranties of the District.....	18
Section 5.24	Representations, Covenants and Warranties of the Lender	19
Section 5.25	Representations, Covenants and Warranties of the District and the Lender	19

ARTICLE VI.

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 6.01	Prepayment	20
Section 6.02	Method of Prepayment.....	21
Section 6.03	Security Deposit.....	21

ARTICLE VII.

EVENTS OF DEFAULT AND REMEDIES

Section 7.01	Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities	22
Section 7.02	Application of Funds Upon Default.....	23
Section 7.03	Other Remedies of the Lender	24
Section 7.04	Non-Waiver.....	24
Section 7.05	Remedies Not Exclusive	24

ARTICLE VIII.

MISCELLANEOUS

Section 8.01	Liability of District Limited.....	25
--------------	------------------------------------	----

Section 8.02	Benefits of Installment Purchase Contract Limited to Parties	25
Section 8.03	Successor Deemed Included in All References to Predecessor	25
Section 8.04	Waiver of Personal Liability	25
Section 8.05	Article and Section Headings, Gender and References	25
Section 8.06	Partial Invalidity.....	26
Section 8.07	Reserved.....	26
Section 8.08	California Law	26
Section 8.09	Notices	26
Section 8.10	Effective Date	26
Section 8.11	Execution in Counterparts.....	27
Section 8.12	Amendments	27
Section 8.13	Expenses	27
Section 8.14	Restrictions on Agreement.....	27
Section 8.15	Website Disclosure	27
Section 8.16	Judicial Reference.....	27
EXHIBIT A – DESCRIPTION OF PRIOR PROJECT		A-1
EXHIBIT B – INSTALLMENT PAYMENT SCHEDULE.....		B-1

INSTALLMENT PURCHASE CONTRACT (SEWER)

This **INSTALLMENT PURCHASE CONTRACT (SEWER)**, dated as of September 1, 2021 (this “Installment Purchase Contract”), is entered into by and between the **MC CLOUD COMMUNITY SERVICES DISTRICT** (the “District”), a community services district duly organized and validly existing under the laws of the State of California (the “State”), and **FIVE STAR BANK** (the “Lender”), a banking corporation duly organized and validly existing under the laws of the State.

WITNESSETH:

WHEREAS, the District is authorized by the laws of the State to acquire certain property for its wastewater system and to finance and refinance the acquisition and construction of such facilities through the execution of installment purchase contracts;

WHEREAS, the District proposes to undertake the refinancing of certain existing debt originated under (i) the [Loan Agreement], dated as of [Date], 2003 (the “2003 Agreement”), by and between the District and the United States Department of Agriculture, and (ii) the [Loan Agreement], dated as of [Date], 2012 (the “2012 Agreement” and, together with the 2003 Agreement, the “Prior Obligations”), by and between the District and the State Water Resource Control Board, the proceeds of which loans were used to finance or refinance infrastructure improvements to the District’s sewage and wastewater systems;

WHEREAS, the District has requested and the Lender has agreed to assist the District in the refinancing of the Prior Obligations;

WHEREAS, the District and the Lender have duly authorized the execution of this Installment Purchase Contract;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Installment Purchase Contract do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Contract; and

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:

**ARTICLE I.
DEFINITIONS**

Section 1.01 Definitions.

Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes hereof, and of any amendment hereof, and of any opinion or report or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“Authorized Officer” means the President of the Board of Directors of the District or the General Manager of the District.

“Bond Counsel” means Kutak Rock LLP or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on which banks are authorized to be closed for business in California.

“Closing Date” means September [], 2021.

“Debt Service Account” means the account established in Section 3.04 hereof.

“Default Rate” means the then applicable interest rate on the principal amount of the Installment Payments plus 5.00% per annum.

“Determination of Taxability” means (a) the occurrence of any action that, in the judgment of the District, in reliance on the advice of Bond Counsel, will adversely affect the tax-exempt status of the interest component of the Installment Payments, (b) the failure to take any action that, in the judgment of the District, in reliance on the advice of Bond Counsel, is necessary to preserve the exemption from income taxation of the interest component of the Installment Payments, (c) a final judgment or order of a court of competent jurisdiction, or a final ruling or decision of the Internal Revenue Service, in any such case to the effect that the interest component of the Installment Payments is includable for federal income tax purposes in the gross incomes of the recipients thereof, or (d) the enactment of federal legislation that would cause the interest component of the Installment Payments to be includable for federal income tax purposes in the gross incomes of the recipients thereof. A judgment or order of a court of competent jurisdiction or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed (and is pending) and the time for filing such right of appeal or action has expired.

“District” means McCloud Community Services District, a community services district duly organized and existing under the constitution and laws of the State, and its successors and assigns.

“Due Date” means the date three (3) Business Days prior to an Installment Payment Date.

“Electronic Notice” means notice given through means of telecopy, facsimile transmission, e-mail or other similar electronic means of communication confirmed by writing or written transmission.

“Enterprise” means all facilities and systems used for the collection, treatment, and disposal of sewage and wastewater and now owned by the District and administered as the system of the District, together with all other properties, structures or works hereafter acquired and constructed by the District and determined to be a part of the wastewater sewage system, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

“Event of Default” means an event of default described in Section 7.01.

“Federal Securities” means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the

timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Fiscal Consultant” means any consultant or firm of such consultants appointed by the District and who, or each of whom: (a) is judged by the District to have experience in matters relating to the financing of public projects; (b) is in fact independent and not under domination of the District; (c) does not have any substantial interest, direct or indirect, with the District other than as purchaser of any Parity Debt; and (d) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

“Fiscal Year” means the twelve-calendar month period ending on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his successor for community service districts in the State of California, or failing the prescription of such procedures means Generally Accepted Accounting Principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such principles.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Gross Revenues” means for each Fiscal Year, all gross income and revenue received or receivable by the District from the ownership or operation of the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including connection fees and charges) received by the District for the Wastewater Service and the other services of the Enterprise and all other income and revenue howsoever derived by the District from the ownership and operation of the Enterprise or arising from the Enterprise, and also including all income from the deposit or investment of any money in the Revenue Fund but excluding in all cases any proceeds of taxes and any refundable deposits made to establish credit and advances or contributions in aid of construction.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants duly licensed and entitled to practice, and practicing as such appointed and paid by the District, and each of whom--

1. is in fact independent and not under the domination of the District;
2. does not have a substantial financial interest, direct or indirect, in the operations of the District; and

3. is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Independent Engineer” means any registered engineer or firm of registered engineers of national reputation generally recognized to be well qualified in engineering matters relating to the Enterprise, appointed and paid by the District, and who or each of whom (1) is in fact independent and not under the domination of the District, (2) does not have a substantial financial interest, direct or indirect, in the operations of the District, and (3) is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Installment Payments” means, together, the Series A Installment Payments and the Series B Installment Payments scheduled to be paid by the District under and pursuant to this Installment Purchase Contract for the purposes and as described in Section 3.01 hereof in the amounts on the dates designated in Exhibit B-1 and Exhibit B-2 to this Installment Purchase Contract.

“Installment Payment Date” means the first Business Day of each month.

“Insurance Consultant” means (a) the Risk Manager for the District or (b) any insurance consultant or firm of insurance consultants generally recognized to be well qualified in insurance consulting matters relating to wastewater and other municipal systems, appointed and paid by the District, and who or each of whom (1) is in fact independent and not under the control of the District, (2) does not have a substantial financial interest, direct or indirect, in the operations of the District, and (3) is not connected with the District as a Board member, officer, or employee of the District, but may regularly be retained to make reports to the District.

“Lender” means Five Star Bank, a banking corporation organized and existing under the laws of the State, and its successors and assigns.

“Maintenance and Operation Costs” of the Enterprise means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any), insurance premiums, and all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms hereof, such as fees and expenses of Independent Certified Public Accountants, Independent Engineers, Fiscal Consultants and Insurance Consultants, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, amortization of intangibles and intergovernmental transfers by the District which are not reimbursements or payments for overhead or other administrative expenses incurred by the District.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Installment Purchase Contract or to meet or perform its obligations under this Installment Purchase Contract on a timely basis, (c) the validity or enforceability of this Installment Purchase Contract, or (d) the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the District has notice or knowledge and which, (a) if determined adversely to the District, may have a Material Adverse Effect; (b) seek to restrain or enjoin any of the transactions contemplated hereby or by this Installment Purchase Contract; or (c) may adversely affect (i) the exclusion of interest with respect to the Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes; or (ii) the ability of the District to perform its obligations under this Installment Purchase Contract.

“Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any period, all Gross Revenues during such period less all Maintenance and Operation Costs during such period.

“Outstanding” means all Installment Payments except Installment Payments paid or deemed to have been paid within the meaning of Article VI.

“Parity Debt” means any bonds, notes or other obligations of the District payable from and secured by a pledge of and lien on a parity with the Installment Payments, which are hereafter issued or incurred by the District in accordance with Section 5.09.

“Parity Debt Documents” means, collectively, the indenture of trust, trust agreement or other document authorizing the issuance of any Parity Debt or any securities which evidence Parity Debt.

“Permitted Investments” means any certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by Federal Deposit Insurance Corporation, and any other investment approved by the Lender that is a legal investment under the laws of the State for the moneys proposed to be invested therein.

“Prior Obligations” means, collectively, the District's obligations under the 2003 Agreement and the 2012 Agreement.

“Prior Project” means the additions, betterments, extensions and improvements to the District’s Enterprise as described in Exhibit A hereto.

“Reserve Account” means the account by that name established and held by the Lender under Section 3.04.

“Reserve Requirement” means an amount equal to \$100,000.

“Revenue Fund” means the fund maintained by the District into which it deposits Gross Revenues.

“Series A Installment Payments” means the payments scheduled to be paid by the District under and pursuant to this Installment Purchase Contract for the purposes and as described in Section 3.01 hereof in the amounts on the dates designated in Exhibit B-1 to this Installment Purchase Contract.

“Series B Installment Payments” means the payments scheduled to be paid by the District under and pursuant to this Installment Purchase Contract for the purposes and as described in Section 3.01 hereof in the amounts on the dates designated in Exhibit B-2 to this Installment Purchase Contract.

“State” means the State of California.

“Taxable Rate” means, (a) with respect to the Series A Installment Payments, a per annum interest rate equal to 4.65%, and (b) with respect to the Series B Installment Payments, a per annum interest rate equal to 2.25%.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Tax Code shall be deemed to be a reference to any successor to any such section.

“Wastewater Service” means the wastewater and sewage collection, treatment and disposal services furnished, made available or provided by the Enterprise.

“2003 Agreement” means the [Loan Agreement], dated as of [Date], 2003, by and between the District and the United States Department of Agriculture.

“2012 Agreement” means the [Loan Agreement], dated as of [Date], 2012, by and between the District and the State Water Resource Control Board

ARTICLE II. SALE AND PURCHASE OF THE PRIOR PROJECT

Section 2.01 Sale and Purchase of the Prior Project.

The parties hereby confirm that the District currently has title to the Prior Project. In consideration for the Lender’s assistance in refinancing the Prior Project, the District agrees to sell, and hereby sells, to the Lender, and the Lender agrees to purchase, and hereby purchases, from the District, the Prior Project in the manner and in accordance with the provisions of this Installment Purchase Contract. In consideration for the Installment Payments as set forth in Section 3.01, the Lender agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Lender, the Prior Project at the purchase price specified below and otherwise in the manner and in accordance with the provisions of this Installment Purchase Contract. All right, title and interest in the Prior Project shall vest in the District immediately upon execution and delivery of this Installment Purchase Contract.

The Lender, on the Closing Date, agrees to act as follows:

(i) The amount of \$[597,000.00], respecting aggregate purchase price of the Series A Installment Payments of \$600,000.00, less the Lender's origination fee with respect to the Series A Installment Payments of \$3,000.00, shall be transferred by the Lender and applied to prepay the obligations of the District under the 2003 Agreement in accordance with the terms thereof and the demand statement received by the District with respect thereto; and

(ii) The amount of \$[99,500.00], respecting aggregate purchase price of the Series B Installment Payments of \$100,000.00, less the Lender's origination fee with respect to the

Series B Installment Payments of \$500.00, shall be transferred by the Lender and applied to prepay the obligations of the District under the 2012 Agreement in accordance with the terms thereof and the demand statement received by the District with respect thereto.

In the event the Lender fails to observe or perform any agreement, condition, covenant or term contained herein required to be observed or performed by it, the District may institute such action or proceeding against the Lender as the District may deem necessary to compel the observance or performance of such agreement, condition, covenant or term, or to recover damages for the nonobservance or nonperformance thereof; provided, however, that the District shall have no right to terminate this Installment Purchase Contract as a remedy to such failures. The District may, at its own cost and expense and in its own name or in the name of the Lender, prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to protect or secure its rights hereunder, and in such event the Lender agrees to cooperate fully with the District and to take all action necessary to effect the substitution of the District for the Lender in any action or proceeding if the District shall so request.

Section 2.02 Indemnification and Expenses of the Lender.

The District shall, to the extent permitted by law, indemnify and save the Lender, and its respective officers, agents, directors and employees, harmless from and against all claims, losses, liabilities, costs, expenses and damages, including legal fees and expenses, arising out of (a) the acceptance and performance of its duties hereunder, (b) the use, maintenance, condition, management or operation of, or from any work or thing done on, the Prior Project or the Enterprise by the District, including injury or damages to any persons or property arising therefrom, (c) any breach or default on the part of the District in the performance of any of its obligations under this Installment Purchase Contract, or (d) any act of negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Prior Project or the Enterprise. No indemnification is made under this Section for willful misconduct or negligence by the Lender or its officers, agents, directors or employees. The provisions of this Section shall continue in full force and effect, notwithstanding the termination of the term of this Installment Purchase Contract for any reason.

Section 2.03 Lender not Liable.

The Lender and its directors, officers and employees shall not be liable to the District or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on, or about or relating to the Prior Project, and in no event shall the Lender be liable for any incidental, indirect, special or consequential damage in connection herewith or arising hereunder.

Section 2.04 Disclaimer of the Lender.

The District acknowledges and agrees that the Lender makes no representation or warranty, express or implied, as to the Enterprise or the Prior Project, except as expressly set forth in this Installment Purchase Contract. The District acknowledges that all risks relating to the Enterprise, the Prior Project or the transactions contemplated hereby, are to be borne by the District, and the benefits of any and all implied warranties and representations of the Lender are hereby waived by the District.

ARTICLE III.
INSTALLMENT PAYMENTS, REVENUES AND ACCOUNTS

Section 3.01 Payment of the Installment Payments.

(a) Series A Installment Payments. The total principal amount of the Series A Installment Payments owed and to be paid by the District to the Lender for the refinancing of the 2003 Agreement is \$600,000.00, plus interest thereon, calculated at the rate of 3.25% per annum on the basis of a year of 360 days and the actual days elapsed. The Series A Installment Payments shall, subject to any rights of prepayment of the District provided in Article VI, be due in installments in the amounts and on the dates described in Exhibit B-1 attached hereto.

(b) Series B Installment Payments. The total principal amount of the Series B Installment Payments owed and to be paid by the District to the Lender for the refinancing of the 2012 Agreement is \$[100,000.00], plus interest thereon, calculated at the rate of 1.58% per annum on the basis of a year of 360 days and the actual days elapsed. The Series B Installment Payments shall, subject to any rights of prepayment of the District provided in Article VI, be due in installments in the amounts and on the dates described in Exhibit B-2 attached hereto.

(c) Obligations Absolute. Each Installment Payment shall be payable to the Lender in accordance with the terms hereof and at the times required by this Section 3.01 in lawful money of the United States of America. In the event the District fails to make any of the payments required to be made by it under this Section 3.01, such payment shall continue as an obligation of the District until such amount shall have been fully paid and the District agrees to pay the same with the stated interest thereon at the rate set forth in the preceding paragraph. Subject to Section 8.01 hereof, the obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as all Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article VI hereof), the District will not, under any circumstances, discontinue, abate or suspend any Installment Payments required to be made by it under this Section 3.01 when due, whether or not the Enterprise or any part thereof is operating or operable or has been completed, or whether or not the Enterprise is condemned, damaged, destroyed or seized or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset, counterclaim, defense, recoupment, abatement, suspension, deferment or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement or covenant contained herein for any cause whatsoever.

Section 3.02 Interest Component of the Installment Payments.

The Installment Payments shall bear interest from the Closing Date until the payment of the principal thereof and the prepayment premiums, if any, thereon, shall have been made or provided for in accordance with the provisions of Article VI hereof, whether at maturity, upon prepayment or otherwise. Interest accrued on the Installment Payments from the Closing Date and from each Installment Payment Date to, but not including, the next succeeding Installment Payment Date shall be paid on each such succeeding Installment Payment Date and shall be computed on the basis of a year of 360 days and the actual days elapsed. In the event of an Event of Default hereunder, the interest component of the portion of the Installment Payments shall be calculated based on the Default Rate.

In the event of a Determination of Taxability, the rate of interest on the Installment Payments shall be calculated at the Taxable Rate from the date of the Determination of Taxability.

Section 3.03 Establishment of Accounts.

The funds and accounts and flow of funds set forth in this Article III are hereby established and shall control to the extent inconsistent with any other terms of this Installment Purchase Contract.

Section 3.04 Pledges of Net Revenues and Other Funds; Debt Service Account; Reserve Account.

The District hereby irrevocably pledges all the Net Revenues to the punctual payment of the Installment Payments and all payments with respect to Parity Debt, on a parity basis, and such Net Revenues, except as otherwise permitted herein, shall not be used for any other purpose while any of the Installment Payments are due hereunder. The pledge of Net Revenues to secure the Installment Payments and payments with respect to Parity Debt shall constitute a first lien on the Net Revenues, for the payment of such Installment Payments and payments with respect to Parity Debt in accordance with the terms hereof.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of the Net Revenues by the District for the repayment of the principal of, premium, if any, and interest components of the Installment Payments constitutes a first lien and security interest which immediately attaches to such Net Revenues, and is effective and binding against the District, the Lender, their successors, creditors and all others asserting rights therein irrespective of whether those parties have notice of the pledge, irrespective of whether such amounts are or may be deemed to be a fixture and without the need for physical delivery, recordation, filing or further act.

There is hereby established with the Lender (i) an account known as the "Debt Service Account," which the District shall maintain and hold in trust separate and apart from other funds held by it, and (ii) an account known as the "Reserve Account," which the District shall maintain and hold in trust separate and apart from other funds held by it. Installment Payments made by the District shall be deposited in the Debt Service Account. Such payments shall be net of amounts already on deposit therein in excess of the amount required to accumulate therein pursuant to Section 3.01 above. The District shall transfer the money contained in the Debt Service Account and the Reserve Account at the following respective times in the following respective amounts in the following order of priority, each of which accounts the District hereby agrees to establish and maintain as follows, and the money in each of such accounts shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Debt Service Account. All moneys in the Debt Service Account shall be used and withdrawn by the District solely for the purpose of paying Installment Payments to the Lender on each Installment Payment Date. The District hereby authorizes the Lender to make automatic deductions from the District's operating account established with the Bank to transfer amounts to the Debt Service Account each month and to apply an amount equal to the amount of the Installment Payments prior to the Due Date for such Installment Payments.

(b) Reserve Account. So long as any Series B Installment Payments remain due hereunder, the District shall maintain a minimum balance of \$100,000.00 (the "Reserve Amount") in the Reserve Account. The Reserve Amount shall constitute collateral for and a first priority lien securing payment of the Series B Installment Payments. In the event there are

insufficient funds in the Debt Service Account or the District fails to make a Series B Installment Payment on the Due Date thereof, the Lender shall have the right to draw on the Reserve Account for such Series B Installment Payment. Semiannually on or prior to each April 1 and October 1 Installment Payment Date, the Bank, upon the District's written instruction shall remit any amount in excess of the Reserve Requirement to the District. After the Series B Installment Payments have been paid in full in accordance with the terms of this Installment Purchase Contract, any amounts remaining in the Reserve Account shall be transferred to the District and the Reserve Account shall be closed.

Section 3.05 Receipt and Deposit of Gross Revenues; Establishment and Maintenance of Accounts for Gross Revenues; Use and Withdrawal of Gross Revenues.

The District covenants and agrees that all Gross Revenues, when and as received, will be received and held by the District in trust hereunder for the benefit of the Lender and for the benefit of the holders of Parity Debt. All Gross Revenues will be deposited by the District in the Revenue Fund (which the District hereby covenants and agrees to maintain with the Lender so long as any Installment Payments are due hereunder) and will be accounted for and held in trust in the Revenue Fund; provided, the District may withdraw such amounts in the Revenue Fund as may be necessary to make refunds for amounts paid in advance for services provided by the Enterprise, which service was not thereafter made available or provided. All Gross Revenues held by the District shall be disbursed, allocated and applied solely to the uses and purposes set forth in this Article III, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

All Gross Revenues in the Revenue Fund shall be set aside or deposited by the District as follows in the following order of priority:

(a) Maintenance and Operation Costs of the Enterprise. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Enterprise, the payment of which is not then immediately required) from the moneys in the Revenue Fund as they become due and payable.

(b) Debt Service. Installment Payments payable pursuant to Section 3.01 above and payments with respect to Parity Debt shall be paid in accordance with the terms hereof and the terms of the Parity Debt Documents, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(c) Reserve Account. Amounts required to replenish the amount in the Reserve Account to the Reserve Requirement shall be deposited into the Reserve Account.

(d) General Expenditures. All Gross Revenues not required to be withdrawn pursuant to the provisions of (a), (b) and (c) above shall be used for expenditure for any lawful purpose of the District, including payment of any rebate requirement or any obligation subordinate to the payment of all amounts due hereunder.

Section 3.06 Investment of Funds.

Amounts on deposit in any fund or account created pursuant to this Installment Purchase Contract may be invested in Permitted Investments which will, as nearly as practicable, mature on or before the dates when such money is anticipated to be needed for disbursement hereunder. Interest or profit received on such investments shall be deposited to the Debt Service Account in which such investments are then held. In computing the amount in any fund or account, Permitted Investments shall be valued at market value, exclusive of accrued interest.

If at any time after investment therein, a Permitted Investment ceases to meet the criteria set forth in the definition of Permitted Investments and such obligation, aggregated with other non-conforming investments, exceeds five percent (5%) of invested funds, such Permitted Investment shall be sold or liquidated.

**ARTICLE IV.
RESERVED**

**ARTICLE V.
REPRESENTATIONS, COVENANTS AND WARRANTIES**

Section 5.01 Compliance with Installment Purchase Contract.

The District will not suffer or permit any material default by it to occur under this Installment Purchase Contract, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by it.

Section 5.02 Observance of Laws and Regulations.

The District will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 5.03 Prosecution and Defense of Suits.

The District will promptly, upon request of the Lender, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Prior Project or any part thereof, whether now existing or hereafter developing; prosecute all actions, suits or other proceedings as may be appropriate for such purpose; and indemnify and save the Lender harmless from all cost, damage, expense or loss, including reasonable attorneys' fees, which the Lender may incur by reason of any such cloud, defect, action, suit or other proceeding.

Section 5.04 Accounting Records and Statements.

The District will keep proper accounting records in which complete and correct entries shall be made of all transactions made by the District relating to the receipt, deposit and disbursement of the Gross Revenues, Net Revenues and Installment Payments, and such accounting records shall be available for inspection by the Lender or its agent duly authorized in writing on any Business Day upon reasonable notice at reasonable hours.

Section 5.05 Further Assurances.

Whenever and so often as requested to do so by the Lender, the District will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Lender all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by this Installment Purchase Contract.

Section 5.06 Against Encumbrances.

The District hereby represents that there is no pledge of or lien on Net Revenues senior to the pledge and lien securing the Installment Payments. The District will not make any pledge of or place any lien on the Net Revenues.

Section 5.07 Against Sale or Other Disposition of Property.

The District will not sell, lease, encumber or otherwise dispose of the Enterprise or any part thereof in excess of one-half of one percent of the book value of the Enterprise in any Fiscal Year, unless an Authorized Officer certifies that such sale, lease, encumbrance or disposition will not materially adversely affect the operation of the Enterprise or the Net Revenues; provided however, any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Enterprise, or any material or equipment which has become worn out, may be sold or exchanged at not less than the fair market value thereof and the proceeds (if any) of such sale or exchange shall be deposited in the Revenue Fund.

The District will not enter into any agreement or lease which would impair the ability of the District to meet the covenant set forth in Section 5.16 hereof or which would otherwise impair the rights of the Lender or the operation of the Enterprise.

Section 5.08 Against Competitive Facilities.

To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers and excluding any wastewater or sewer system existing on the date of execution of this Installment Purchase Contract, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any wastewater or sewer system competitive with the Enterprise.

Section 5.09 Issuance of Parity Debt.

Only with the prior written consent of the Lender, the District may issue or incur any Parity Debt at any time and from time to time during the term of this Installment Purchase Contract; provided that, in addition to the written consent of the Lender, all of the following conditions precedent shall be satisfied prior to the issuance of such Parity Debt:

(a) no Event of Default has occurred and is continuing; and

(b) the Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Certified Public Accountant or a Fiscal Consultant or shown in the audited financial statements of the District, at least equal 125% of the maximum amount of Installment Payments and maximum payments on outstanding Parity Debt (including the Parity Debt then proposed to be issued) coming due and payable in the current or any future Fiscal Year. For purposes of determining the amount of Net Revenues under this subsection (b), such amount may be increased by any or all of the following amounts as determined by the District:

(i) an allowance for Net Revenues from any additions or improvements to or extensions of the Enterprise to be made with the proceeds of such Parity Debt and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a Fiscal Consultant retained by the District; and

(ii) an allowance for Net Revenues arising from any increase in the fees or charges made for service from the Enterprise which has become effective prior to the incurring of such Parity Debt but which, during all or any part of the latest Fiscal Year, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in fees or charges had been in effect during the whole of such Fiscal Year, all as shown by the certificate or opinion of a Fiscal Consultant retained by the District.

(c) All conditions to the issuance of such Parity Debt as set forth in the Parity Debt Documents must be met, and the District shall file with the Lender a written certificate to such effect, signed on behalf of the District by an Authorized Officer.

Section 5.10 Maintenance and Operation of the Enterprise; Budgets.

The District will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner. The District will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.11 Payment of Claims.

The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Gross Revenues or any part thereof, or on any funds in the control of the District prior or superior to the lien of the Installment Payments or which might impair the security of this Installment Purchase Contract ; provided the District shall not be obligated to make such payment so long as the District contests such claim in good faith.

Section 5.12 Compliance with Contracts.

The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, expressed or implied, required to be performed by it contained in all contracts for the use of the Enterprise and all other contracts affecting or involving the Enterprise to the extent that the District is a party thereto.

Section 5.13 Insurance.

(a) The District will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises, but not exceeding \$25,000 per policy, and in a coverage amount which is not less than the unpaid principal balance of the Installment Payments and the principal component of any Parity Debt.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims, unless the District determines that such reconstruction, repair, or replacement is not necessary to the efficient or proper operation or use of the Enterprise and therefore determines not to reconstruct, repair, or replace such damaged or destroyed portion of the Enterprise. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds shall be deposited in such funds and accounts of the District as is permitted by law.

The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof, such insurance to cover all persons employed in connection with the Enterprise.

The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

Section 5.14 Books and Accounts; Financial Statements; Reporting Requirements.

(a) The District shall keep proper books of record and accounts of the Enterprise, the Debt Service Account, and the Reserve Account all separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise and relating to the funds created by this Installment Purchase Contract. Said books shall, upon prior request, be subject to the inspection by the Lender, or its representatives authorized in writing, upon not less than three (3) Business Days' prior notice to the District.

(b) The District shall cause the books and accounts of the Enterprise, which shall include a statement of revenues and expenditures and changes in fund balances, a balance sheet and a statement of cash flow, to be audited annually by an Independent Certified Public Accountant, not more than 180 days after the close of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021.

(c) The District shall send a copy of its audited financial statements to the Lender not more than 180 days after the close of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021. Simultaneously with the delivery of such financial statements, the District shall deliver to the Lender a certificate signed by an Authorized Officer (i) stating that the District is in compliance with the covenants set forth in Section 5.16 relating to the rates and charges for the Enterprise for such Fiscal Year, and (ii) attesting that, subject to the provisions hereof, to the best of his/her knowledge, the District has kept, observed, performed and fulfilled every covenant, provision and condition applicable to the District contained in this Installment Purchase Contract, and no Event of Default has occurred, or if an Event of Default has occurred such certificate shall specify such event or condition, the nature and status thereof and any remedial steps taken or proposed to correct such event or condition.

(d) No later than thirty (30) days after its adoption, the District shall send to the Lender a copy of the annual budget of the Enterprise and any amendment or supplement thereto.

(e) The District shall immediately notify the Lender by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Installment Purchase Contract, together with a detailed statement by an Authorized Officer of the steps being taken by the District to cure the effect of such Event of Default.

(f) The District shall promptly notify the Lender in writing (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the District or any of the Enterprise, the Gross Revenues or the Net Revenues which involve claims equal to or in excess of \$100,000 or that seeks injunctive relief; or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of \$100,000.

(g) The District shall promptly notify the Lender in writing of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any of the Gross Revenues or Net Revenues.

(h) The District shall promptly notify the Lender in writing in the event of any termination or cancellation of any insurance policy which the District is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the District property in excess of an aggregate of \$100,000.

(i) The District shall file with the Lender such additional information as the Lender may reasonably request in writing, within a reasonable period of time after the receipt of such written request by the District.

Section 5.15 Payment of Taxes and Compliance with Governmental Regulations.

The District will pay and discharge all taxes, assessments and other governmental charges, if any, which may hereafter be lawfully imposed upon the Enterprise or any part thereof or upon the Gross Revenues when the same shall become due and the District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Enterprise or any part thereof. However, the District shall not be required to make such payments, or to comply with any regulations or requirements, so long as the payment or validity or application thereof shall be contested in good faith.

Section 5.16 Amounts of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the beginning of each Fiscal Year, rates and charges (including land based charges) for the Wastewater Service provided by the Enterprise which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred twenty five percent (125%) of Installment Payments and any payments with respect to Parity Debt payable during such Fiscal Year.

(b) The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this Section 5.16.

Section 5.17 Collection of Rates and Charges.

The District will have in effect at all times rules and regulations requiring all users of the Enterprise to pay the assessments, rates, fees and charges applicable to the Enterprise provided or made available to such users. Such rules and regulations shall also provide for the billing thereof and for a due date and a delinquency date for each bill.

Section 5.18 Eminent Domain Proceeds.

If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the District certifies (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will

sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder and under any Parity Debt Documents will not be substantially impaired (which determination shall be final and conclusive); then the District shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such certification and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in such funds and accounts of the District as is permitted by law.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Installment Payments and the payments with respect to Parity Debt in the manner provided herein.

Section 5.19 Notification of Material Adverse Effect.

The District shall timely inform the Lender of any Material Adverse Effect upon learning of the existence of such an effect.

Section 5.20 Tax Covenants.

The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest with respect to the Installment Payments to become includable in gross income for federal income tax purposes. To that end, the District hereby makes the following specific covenants:

(a) The District hereby covenants that it shall not make or permit any use of the proceeds of this Installment Purchase Contract that may cause this Installment Purchase Contract to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The District covenants that the proceeds of this Installment Purchase Contract will not be used as to cause the proceeds of this Installment Purchase Contract to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) The District hereby designates this Installment Purchase Contract as a “qualified tax-exempt obligation” under Section 265(b)(3) of the Tax Code.

(d) The District covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause this Installment Purchase Contract to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

In furtherance of the covenants stated in this Section, the District shall comply with the requirements of the Tax Certificate executed in connection with this Installment Purchase Contract.

Section 5.21 No Priority for Additional Obligations; Compliance with Parity Debt Documents.

The District may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments. The District shall observe and perform all of the covenants, agreements and conditions on its part required to be observed and performed under the Parity Debt Documents. The District shall not take or omit to take any action within its control which would, or which if not corrected with the passage of time would, constitute an event of default under any Parity Debt Documents.

Section 5.22 Against Encumbrances.

The District will not mortgage or otherwise encumber, pledge or place any charge or lien upon any of the Net Revenues except as provided in this Installment Purchase Contract and (except for the Parity Debt) will not issue any obligations secured by Net Revenues on a parity with, or senior to, the Installment Payments and Parity Debt; provided, that the District may issue subordinate obligations.

Section 5.23 Further Representations, Covenants and Warranties of the District.

The District represents, covenants and warrants to the Lender as follows:

(a) The District is a duly organized and validly existing community services district of the State of California.

(b) The Constitution and the laws of the State authorize the District to enter into this Installment Purchase Contract and to enter into the transactions contemplated hereby and to carry out its obligations under each of the aforesaid agreements, and the District has duly authorized and executed each of the aforesaid agreements in accordance with the laws of the State.

(c) The District is empowered to set rates and charges for services provided by the Enterprise provided to the users of the Enterprise without review or approval by any state or local governmental agency.

(d) This Installment Purchase Contract and the pledge of Net Revenues is a first lien and pledge on Net Revenues.

(e) Neither the execution and delivery of this Installment Purchase Contract or any documents contemplated hereby nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the District.

(f) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Installment Payments or the consummation of

the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

(g) The District does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Installment Purchase Contract or otherwise with respect to the Installment Payments. To the extent the District has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Installment Purchase Contract or otherwise with respect to the Installment Payments.

Section 5.24 Representations, Covenants and Warranties of the Lender.

The Lender represents, covenants and warrants to the District as follows:

(a) The Lender is duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Installment Purchase Contract and to carry out and consummate all transactions contemplated by hereby and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Contract.

(b) The execution and delivery of this Installment Purchase Contract and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Lender is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Lender.

(c) The Lender will not assign this Installment Purchase Contract or its right to receive Installment Payments from the District, or its duties and obligations under this Installment Purchase Contract to any other person, firm or corporation, except to affiliates of the Lender or to banks, insurance companies or other financial institutions or their affiliates, including participation arrangements with such entities; provided, (i) no such assignment shall be made that would cause there to be more than 15 such assignees or any interest in the Installment Payments of less than \$100,000 and (ii) such assignee shall deliver a letter of representations to the District acceptable to the District and in substantially the same form delivered by the Lender in connection with the execution of this Installment Purchase Contract.

Section 5.25 Representations, Covenants and Warranties of the District and the Lender.

The District and the Lender represent, warrant and covenant that: (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Lender and its affiliates, (ii) in connection with such transaction, the Lender and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), an agent or a fiduciary of the District, (iii) the Lender and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of

the District with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Lender, or any affiliate of the Lender, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Lender and its affiliates have financial and other interests that differ from those of the District, and (vi) each of the District and the Lender has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

**ARTICLE VI.
PREPAYMENT OF INSTALLMENT PAYMENTS**

Section 6.01 Prepayment.

(a) The District may prepay the unpaid principal balance of the Series A Installment Payments in whole or in part, on any Installment Payment Date on or after October 1, 2021, by paying a prepayment price equal to the principal amount of the Series A Installment Payments to be prepaid, plus accrued interest to the date of prepayment, and, if the source of the prepayment is from another financial institution or source other than the District's own resources, a prepayment premium or penalty as follows:

Payment Date	Prepayment Premium
On and after October 1, 2021 and before October 1, 2022	3.00%
On and after October 1, 2022 and before October 1, 2023	2.00%
On and after October 1, 2023 and before October 1, 2024	1.00%
On and after October 1, 2024	0.00%

(b) The District may prepay the unpaid principal balance of the Series B Installment Payments in whole or in part, on any Installment Payment Date on or after October 1, 2021, by paying a prepayment price equal to the principal amount of the Series B Installment Payments to be prepaid, plus accrued interest to the date of prepayment, and, if the source of the prepayment is from another financial institution or source other than the District's own resources, a prepayment premium or penalty as follows:

Payment Date	Prepayment Premium
On and after October 1, 2021 and before October 1, 2022	2.00%
On and after October 1, 2022 and before October 1, 2023	1.00%
On and after October 1, 2023	0.00%

(c) The District may or shall, as the case may be, prepay on any date from the Net Proceeds of insurance or condemnation awards, as provided herein, all or any part, of the principal amount of the unpaid Installment Payments, pro-rata among the remaining Installments Payments, at a prepayment price equal to the sum of the principal amount prepaid plus accrued and unpaid interest thereon to the date of prepayment, without premium.

In the event that a portion of the Installment Payments shall have been prepaid by the District pursuant to this section, the total amount of all future payments set forth in the schedules attached hereto as Exhibit B-1 and Exhibit B-2 shall be reduced by the aggregate amount of Installment

Payments so prepaid, as the case may be, as agreed to in writing by the Lender. The Lender shall provide the District a revised schedule of Installment Payments.

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article III hereof, until the entire principal amount of the unpaid Installment Payments together with the interest accrued thereon, if any, and together with the ordinary and extraordinary fees, costs and expenses of the Lender, shall have been fully paid and the Installment Payments are no longer due hereunder (or provision for payment thereof shall have been made pursuant to Section 6.03 hereof).

Section 6.02 Method of Prepayment.

Before making any prepayment pursuant to Section 6.01, the District shall give written notice to the Lender specifying the date on which the prepayment will be made, which date shall be not less than thirty (30) days from the date such notice is given.

Section 6.03 Security Deposit.

Notwithstanding any other provision of this Installment Purchase Contract, the District may secure the payment of (i) all or a portion of the Installment Payments by a deposit with the Lender or, at the Lender's sole option, a bank or trust company acceptable to the Lender, as escrow holder under an escrow deposit and trust agreement, of either (i) cash in an amount which is sufficient to pay such unpaid Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedules set forth in Exhibit B-1 and Exhibit B-2 attached hereto, or (ii) non-callable Federal Securities or pre-refunded non-callable municipal obligations rated "AA" and "Aa" by S&P and Moody's, respectively, together with cash if required, in such amount as will, without reinvestment, in the opinion of an Independent Certified Public Accountant (which opinion shall be addressed to the Lender), together with interest to accrue thereon, be fully sufficient to pay such unpaid Installment Payments on their payment dates so that such Installment Payments shall be defeased; provided, that prior to any such deposit or defeasance, the District must provide an opinion of nationally recognized bond counsel addressed to the Lender to the effect that such deposit and defeasance will not cause the interest component of the Installment Payments to be included in gross income for federal income tax purposes. In the event of any shortfall, the District shall deposit from legally available funds such amounts as is necessary to make up such shortfall. In all cases, deposits of cash or Federal Securities made to secure the Installment Payments pursuant to this paragraph shall be kept in segregated escrow accounts or escrow subaccounts and such deposits shall not be commingled for any reason.

In the event of deposits pursuant to this Section 6.03 sufficient to fully defease all of the Installment Payments, and provided that all other amounts payable by the District hereunder have been paid in full, all obligations of the District under this Installment Purchase Contract shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all Installment Payments from the deposits made by District pursuant to this Section 6.03 and the obligation to pay amounts due to the Lender. Said deposits shall be deemed to be and each of the deposits shall constitute a separate special fund that may be used solely for the payment of the Installment Payments in accordance with the provisions of this Installment Purchase Contract, and pending such application shall be held in trust and pledged to and for the sole benefit of the Lender and any assignee or transferee of the Lender. The District hereby grants to the Lender a first priority security interest in any amounts so deposited.

**ARTICLE VII.
EVENTS OF DEFAULT AND REMEDIES**

Section 7.01 Events of Default and Events of Mandatory Acceleration; Acceleration of Maturities.

If one or more of the following events shall happen (an “Event of Default”):

(a) default shall be made in the due and punctual payment by the District of any Installment Payment when and as the same shall become due and payable;

(b) default shall be made by the District in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Lender;

(c) any financial statement or certificate furnished to the Lender in connection with the execution of this Installment Purchase Contract, or any representation or warranty made by the District shall prove to be incorrect, false or misleading in any material respect when furnished or made;

(d) the District shall file a petition seeking arrangement or reorganization under federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

(e) the occurrence of any event of default under and as defined in any Parity Debt Documents;

(f) this Installment Purchase Contract or any material provision of this Installment Purchase Contract shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder;

(g) the dissolution, termination of existence, insolvency or business failure of the District; or

(h) the occurrence of any event that has a Material Adverse Effect on the District or this Installment Purchase Contract;

then and in each and every such case during the continuance of such Event of Default the Lender may, by notice in writing to the District declare all of the principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such

declaration the same shall become immediately due and payable, anything herein to the contrary notwithstanding.

This provision, however, is subject to the condition that, except with respect to an Event of Default under subsection (d) above, if at any time after such principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared immediately due and payable and before the acceleration date or the date of any judgment or decree for the payment of the money due shall have been obtained or entered:

(1) the District shall deposit with the Lender a sum sufficient to pay (x) all delinquent Installment Payments then-due and owing and causing an Event of Default under subsection (a) above and the accrued interest thereon, with any interest due on such overdue installments, and (y) the reasonable expenses of the Lender incurred as the result of such Event of Default, and

(2) any and all other defaults known to the Lender (other than in the payment of such overdue principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Lender or provision deemed by the Lender to be adequate shall have been made therefor, then and in every such case the Lender, by written notice to the District, may rescind and annul such declaration of immediate payment of all of the principal amount of the unpaid Installment Payments and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 7.02 Application of Funds Upon Default.

All moneys and investments in the funds and accounts held hereunder upon the date of the declaration of an Event of Default as provided in Section 7.01, and all Gross Revenues thereafter received shall be applied as follows:

(a) Unless the principal of all Installment Payments shall have become or shall have been declared due and payable:

First: To the payment to the persons entitled thereto of the interest portion of all Installments Payments, with interest on overdue installments, if lawful, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Installment Payments which shall have become due, with interest at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Installment Payments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If all of the Installment Payments shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Installment Payments, with

interest on overdue interest and principal, as aforesaid, without preference or priority over interest or of interest over principal or of any installment of interest over any other installment of interest, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Section 7.03 Other Remedies of the Lender.

The Lender may:

(a) by mandamus or other action or proceeding or suit at law or in equity enforce its rights against the District, or any board member, officer or employee thereof, and compel the District or any such board member, officer or employee to perform and carry out its or his duties under applicable law and the agreements and covenants contained herein required to be performed by it or him;

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Lender;

(c) by suit in equity upon the happening of an Event of Default require the District and its board members, officers and employees to account as the trustee of an express trust; or

(d) by suit in equity, to seek the appointment of a receiver or other third party to operate the Enterprise and collect the Gross Revenues.

Section 7.04 Non-Waiver.

Nothing in this Article VII or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments to the Lender at the respective due dates or upon prepayment from the Gross Revenues, or, except as expressly provided herein, shall affect or impair the right of the Lender which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Lender shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Lender by applicable law or by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely, the parties shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.05 Remedies Not Exclusive.

No remedy herein conferred upon or reserved is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given

hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other law.

ARTICLE VIII. MISCELLANEOUS

Section 8.01 Liability of District Limited.

Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the Installment Payments or for the performance of any agreements or covenants contained herein required to be performed by it. The District may, however, but shall not be required to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Installment Payments and the other amounts due hereunder is a special obligation of the District payable solely from the Net Revenues and does not constitute a debt or pledge of the faith and credit of the District or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 8.02 Benefits of Installment Purchase Contract Limited to Parties.

Except as provided in Section 8.03, nothing contained herein, express or implied, is intended to give to any person other than the District or the Lender any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Lender shall be for the sole and exclusive benefit of the other party.

Section 8.03 Successor Deemed Included in All References to Predecessor.

Whenever the District or the Lender is named or referred to herein, such reference shall be deemed to include the successor and assigns to the powers, duties and functions that are presently vested in the District or the Lender, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Lender shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 8.04 Waiver of Personal Liability.

No board member, officer or employee of the District or the Lender shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any board member, officer or employee of the District or the Lender from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 8.05 Article and Section Headings, Gender and References.

The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein,"

Section 8.11 Execution in Counterparts.

This Installment Purchase Contract may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 8.12 Amendments.

This Installment Purchase Contract may be amended in writing as may be mutually agreed by the District and the Lender in a signed writing. Any amendment made in violation of this Section 8.12 shall be a nullity and void.

Section 8.13 Expenses.

The fees and disbursements of Bond Counsel, the fees and disbursements of the financial advisor to the District, the cost of preparing the documents, fees of the counsel to the Lender and other miscellaneous expenses of the District incurred in connection with the execution and delivery of this Installment Purchase Contract , including CDIAC fees, shall all be the obligation of the District. The Lender shall have no responsibility for any expenses associated with the issuance of this Installment Purchase Contract , including, but not limited to, the expenses identified above as the obligation of the District.

Section 8.14 Restrictions on Agreement.

The District and the Lender understand that this Installment Purchase Contract shall not be, and the District and the Lender shall not cause this Installment Purchase Contract to be, (a) assigned a rating by any credit rating agency, (b) registered with The Depository Trust Company or any other securities depository, (c) offered pursuant to any type of offering document or official statement, (d) assigned a DTC-registered CUSIP number by Standard & Poor's CUSIP Service or (e) listed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website.

Section 8.15 Website Disclosure.

If the District elects or is required to post this Installment Purchase Contract and related documentation on a national public market repository, the District may do so with certain information redacted pursuant to this Section. With respect to any such posting, the District shall provide such documentation to the Lender for review with reasonable advance notice prior to any posting deadline imposed by applicable law and shall consider in good faith reasonable redaction requests of the Lender Sensitive Data (defined below) that are provided within a reasonable period prior to such posting deadline. The District shall redact such "Bank Sensitive Data" as directed by the Lender. For the purpose of this Section, "Bank Sensitive Data" means signatures/names, account numbers, wire transfer and payment instructions and any other data that could be reasonably construed as sensitive information.

Section 8.16 Judicial Reference.

TO THE EXTENT PERMITTED BY LAW, THE LENDER AND THE DISTRICT HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INSTALLMENT PURCHASE CONTRACT OR ANY OF THE RELATED DOCUMENTS OR THE TRANSACTION CONTEMPLATED HEREBY OR THEREBY. IF AND TO THE EXTENT THAT THE

FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, THE LENDER AND THE DISTRICT HEREBY CONSENT TO THE ADJUDICATION OF ANY AND ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ANY AND ALL ISSUES IN SUCH REFERENCE WHETHER FACT OR LAW. THE LENDER AND THE DISTRICT REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF ITS CHOICE ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS INSTALLMENT PURCHASE CONTRACT MAY BE FILED AS A WRITTEN CONSENT TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Contract by their officers thereunto duly authorized as of the day and year first written above.

**MCLOUD COMMUNITY SERVICES
DISTRICT**

By: _____
General Manager- Amos McAbier

FIVE STAR BANK

By: _____
Authorized Signatory

EXHIBIT A

DESCRIPTION OF THE PRIOR PROJECT

The Prior Project consists of the financing of improvements to the District's Enterprise, including Sewer.

EXHIBIT B-1

SERIES A INSTALLMENT PAYMENT SCHEDULE

1. The principal amount of Installment Payments to be made by the District hereunder is \$600,000.00.

2. The Installment Payments of principal and interest are payable in the amounts and on the Installment Payment Dates as follows:

[Insert Series A Repayment Schedule]

EXHIBIT B-2

SERIES B INSTALLMENT PAYMENT SCHEDULE

1. The principal amount of Installment Payments to be made by the District hereunder is \$100,000.00.

2. The Installment Payments of principal and interest are payable in the amounts and on the Installment Payment Dates as follows:

[Insert Series B Repayment Schedule]

RESOLUTION NO. 10, 2021

A RESOLUTION OF THE MCCLLOUD COMMUNITY SERVICES DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY BY THE DISTRICT OF AN INSTALLMENT PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION OF OTHER NECESSARY DOCUMENTS AND RELATED ACTIONS

WHEREAS, McCloud Community Services District (the “District”) is a community services district duly organized and validly existing under the laws of the State of California;

WHEREAS, the District is authorized by the laws of the State of California to acquire certain property for its wastewater system and to finance and refinance the acquisition and construction of such facilities through the execution of installment purchase contracts;

WHEREAS, the District has previously entered into certain financing agreements with the United States Department of Agriculture and State Water Resources Control Board of the State of California (the “Prior Agreements”) to finance the acquisition and construction of certain additions, betterments, extensions and improvements to its wastewater system (the “Project”);

WHEREAS, in order to refinance the District’s obligations under the Prior Agreements, the District desires to enter into an Installment Purchase Contract (Sewer) (the “Installment Purchase Contract”) with Five Star Bank (the “Bank”) in the form presented to this meeting, with such changes, insertions and omissions as are made in accordance with the terms of Resolution; and, pursuant to which the District will sell the Project to the Bank in return for certain funds, which the District will use to refinance the District’s obligations under the Prior Agreements;

WHEREAS, pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), under certain circumstances, certain obligations the interest on which is excluded from federal income tax under Section 103 of the Code may be designated by the issuer thereof as “qualified tax-exempt obligations,” thereby allowing certain financial institutions that are holders of such qualified tax exempt obligations to deduct for federal income tax purposes a portion of such institution’s interest expense allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code;

WHEREAS, the Board of Directors of the District (the “Board”) wishes to designate the Installment Purchase Contract as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code;

WHEREAS, California Government Code Section 5852.1 (“Section 5852.1”) requires that the Board obtain from an underwriter, municipal advisor or private lender, and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the Installment Purchase Contract, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the Installment Purchase Contract, (b) the sum of all fees and charges paid to third parties with respect to the Installment Purchase Contract, (c) the amount of proceeds of the Installment Purchase Contract expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract, and (d) the sum total of all debt service payments on the

Installment Purchase Contract calculated to the final maturity of the Installment Purchase Contract plus the fees and charges paid to third parties not paid with the proceeds of the Installment Purchase Contract (the “Good Faith Estimates”);

WHEREAS, in compliance with Section 5852.1, the Board obtained the required Good Faith Estimates and such Good Faith Estimates are disclosed and set forth on Exhibit A attached hereto; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing and refinancing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, the Board of Directors of the District **DOES HEREBY RESOLVE, DETERMINE AND ORDER:**

Section 1. All of the recitals herein contained are true and correct and the Board so finds.

Section 2. The form of Installment Purchase Contract submitted to this meeting and made a part hereof as though set forth herein is hereby approved. The President of the Board, and such other members of the Board as the President may designate, the General Manager of the District, and such other officers of the District as the President of the Board may designate (each an “Authorized Officer”) are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Installment Purchase Contract in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, with the advice and approval of the District’s General Counsel, such requirement or approval to be conclusively evidenced by the execution and delivery of the Installment Purchase Contract by such Authorized Officer. In connection therewith, the District approves the execution and delivery of the Installment Purchase Contract so long as the maturity of the Installment Payments (as defined in the Installment Purchase Contract) does not extend beyond November 1, 2036, the interest rate with respect to the Installment Payments does not exceed 3.25%, and the principal component of the Installment Payments does not exceed \$700,000.

Section 3. The Installment Payments due under the Installment Purchase Contract are hereby designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The Board hereby finds and determines that the aggregate face amount of all tax- exempt obligations (other than private activity bonds) issued by the District (and all subordinate entities thereof) during calendar year 2021 is not expected to exceed \$10,000,000.

Section 4. The Officers and staff of the District are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, agreements and certificates including but not limited to a tax certificate, fee agreement, costs of issuance agreement, custodian agreement or other agreement, which in consultation with District’s General Counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting held on September 27, 2021.

President- Catherine Young

ATTEST:

District Secretary-Andrea Mills

I, hereby certify that the foregoing Resolution No. 10, 2021 was passed and adopted at a regular meeting of said Board on the 27th day of September, 2021, by the following vote, to wit:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of September, 2021.

District Secretary-Andrea Mills

Exhibit A

GOOD FAITH ESTIMATES

The following information is provided in compliance with California Government Code Section 5852.1 with respect to the Installment Purchase Contract:

1. *True Interest Cost of the Installment Purchase Contract.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Installment Purchase Contract, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for Installment Purchase Contract, is 3.29379%.

2. *Finance Charge of the Installment Purchase Contract.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the District's finance charge of the Installment Purchase Contract, which means the sum of all fees and charges paid to third parties from the principal amount of the Installment Purchase Contract, is \$3,500.

3. *Amount of Proceeds to be Received by the District.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the District for sale of the Installment Purchase Contract less the finance charge of the Installment Purchase Contract described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Contract, is \$696,500.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the Installment Purchase Contract authorized to be issued is sold, and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Installment Purchase Contract plus the finance charge of the Installment Purchase Contract described in paragraph 2 above not paid with the proceeds of the Installment Purchase Contract, calculated to the final maturity of the Installment Purchase Contract, is \$861,474.27.

Reserve Account			Policy Assigned Reserves	Budgeted Reserves 2019	Budgeted Reserves 2020	Budgeted Reserves 2021	Reserve Transfer	Reserve Account Adjusted Balance	Operating Account				Projected Cash Flow Variance	
Fund	Catogories	Current Balance							Current Balance	Projected Cash Flow	Less Reserve Transfer	Projected Balance	Budgeted	Unbudgeted
General	Unassigned/stabilization	118,819	61,150	-	-		-		58,417	78,942	-	137,359	106,000	
	Asset Reserves	-												
	Pending Audits	198,218												
	Total	317,037	61,150	-	-	-	-	317,037						
Fire	Unassigned/stabilization	159,197	1,435	10,667					158,031	11,117	(17,334)	151,814		750,000
	Ambulance/Assets	58,864	6,733	6,667										
	Pending Audits	132,307												
	Total	350,368	8,168	17,334	-	-	17,334	367,702						
Alleys	Unassigned/stabilization		217			217			108,132	(19,050)	(7,792)	81,290		
	Storm Diaster Fund	38,253										-		
	Asset Reserves	16,369	5,325	4,500										
	Pending Audits	41,327				3,075								
	Total	95,949	5,542	4,500	-	3,292	7,792	103,741						
Lights	Unassigned/Stabilization		977			977			1,640	205	(977)	868		
	Asset Reserves	-										-		
	Pending Audits	380												
	Total	380	977	-	-	977	977	1,357						
Parks	Unassigned/Stabilization	56,894	232			232			53,334	(44,158)	(1,897)	7,279		
	Asset Reserves	7,819	6,215			1,665								
	Pending Audits	12,410												
	Total	77,123	6,447	-	-	1,897	1,897	79,020						
Library	Unassigned/Stabilization	2,862	47			47			7,479	(5,447)	(47)	1,985		
	Asset Reserves	53	50											
	Pending Audits	366												
	Total	3,281	97	-	-	47	47	3,328						
Refuse	Unassigned/Stabilization	55,571	4,174	5,000	985	8,549			47,599	30,527	(19,897)	58,229		
	Asset reserves	6,429	3,264	3,000		2,363								
	Pending Audits	5,502												
	Total	67,502	7,438	8,000	985	10,912	19,897	87,399						
Sewer	Unassigned/Stabilization	576,238			1,268	3,046			163,663	64,120	(51,841)	175,942		
	Asset Reserves	32,035	1,980			11,895								
	Pending Audits	268,695												
	Restricted Reserves	252,946	13,986	13,986	7,660	13,986								
	Total	1,129,914	15,966	13,986	8,928	28,927	51,841	1,181,755						
Water	Unassigned/Stabilization	35,910	3	44,631	44,631	14,256			462,462	132,296	(231,302)	363,456		27,600
	Asset Reserves	61,346	3,300			107,114								
	Pending Audits	35,040												
	Restricted Reserves	140,753	6,917	6,917	6,836	6,917								
	Total	273,049	10,220	51,548	51,467	128,287	231,302	504,351						
		2,314,603	116,005	95,368	61,380	174,339	331,087	2,645,690	1,060,757	248,552	(331,087)	978,222	106,000	777,600

	Capital Reserve Accounts	Loader	Trucks	Contingency	Restricted
General				36150	rate stabilization
				25000	OPEB
Fire	6667	66		1435	rate stabilization
Alleys		825	2250	217	rate stabilization
Street lights				977	rate stabilization
Park	6000	165	1500	232	rate stabilization
Library	50		25	47	rate stabilization
Refuse		264	1500	4174	rate stabilization
Sewer		1980			13986 rate stabilization
Water		3300		3	6917 rate stabilization
	12717	6600	5275	68235	20903

	Assignments	18-19	Assignments	19-20	Assignments	20-21
General		-236158		108655		-30830
Fire		-5291		24448		30203
Alleys		7616		7721		4099
Lights		-5307		-1511		3883
Park		691		4636		-19697
Libirary		-3489		886		-2214
Refuse		19204		24963		59826
Sewer		-21204		33450		124023
Water		17647		155748		290876
Net Change		-226291		358996		460169