

**CLEARLAKE OAKS COUNTY WATER DISTRICT
AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Clearlake Oaks County Water District Administration Building
12952 E. Hwy. 20 Clearlake Oaks, CA 95423 (707) 998-3322

FEBRUARY 18, 2021

This meeting will be conducted by Roberts Rule of Order.

Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the above address.

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits of three minutes.

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Clearlake Oaks County Water District Secretary to the Board at 707-998-3322. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

AGENDA

Call to Order – 2:00 p.m.

Pledge of Allegiance

Roll Call

- Mrs. Margaret Medeiros, President Mr. Stanley Archacki, Vice President
- Mr. Samuel Boucher, Director Mr. Michael Herman, Director Mr. James Burton, Director
- Mrs. Dianna Mann – General Manager Mrs. Olivia Mann – Board Secretary

In the audience, our Chief Operators

- Mr. Francisco Castro, Wastewater Mr. Kurt Jensen, Water Mr. Jeremy Backus, Distribution

Public comment on non-agenda items

This is the opportunity for the public to comment on non-agenda items within the Board's jurisdiction. Comments are limited to three (3) minutes

Consent Items

The Board will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Director, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

1. Staff Written Operational Reports

- a. Customer Service
- b. Chief Distribution Operator
- c. Water Plant Chief Operator
- d. Wastewater Plant Chief Operator
- e. General Manager

2. Financial Reports for review and approval

- a. January 2021, QB balance sheet and profit & loss statements
- b. Bank account balances and accounts receivable
- c. Employee payroll report
- d. Aged trial balance summary
- e. Vendor aging report, accounts payable breakdown

3. Minutes of previous meeting for review and approval

- a. Minutes of Regular Meeting 01/21/2021
- b. Minutes of Special Meeting 01/21/2021

4. Bills

- a. MC Engineering invoice number 2036 dated 02/05/2021, in the amount of \$26,028.08 for the USDA Water Projects

Action Taken _____

5. Agenda (New Business)

- a. Discussion and consideration of Resolution 21-03, Amending the 'Sewer' Code

Action Taken: _____

- b. Discussion and update of the USDA Water Project

Action Taken: _____

- c. Discussion and consideration of Resolution of 21-04, Additional USDA Grant Funding and District Share

Action Taken: _____

- d. Discussion and consideration of Resolution of 21-05, Adopting USDA Resolution 1780-27

Action Taken: _____

- e. Discussion and consideration of Resolution of 21-06, Approving Certificates of Participation for USDA

Action Taken: _____

- f. Discussion and approval of the staff report from the General Manager regarding USDA

Action Taken: _____

- g. Discussion and consideration of Ordinance 84 regarding the Clearlake Oaks County Water District 'Sewer' Code

Action Taken: _____

- h. Discussion and consideration of purchasing Pro Pac 9800 from NTU Technologies for the Water Plant, not to exceed \$20,000.00

Action Taken: _____

- i. Discussion and update of the Proposition 218 rate study from Mary Fleming with RCAC

Action Taken: _____

Adjournment

Time: _____

Clearlake Oaks County Water District

P.O. Box 709 / 12952 East Highway 20
Clearlake Oaks, CA 95423
(707) 998-3322 Phone (707) 998-1245 Fax
www.clocwd.org (Website)

February 12, 2021

Administration

- ∂ Received \$34,045.55 in payments towards our <61-120, this stems from past due accounts reported to the County of Lake, payment arrangements, and closed accounts (Payments from escrow).
- ∂ We received 0 water quality complaints (WQC)
- ∂ We received 0 consumer/appeal claim(s)
- ∂ There are 15 accounts on payment arrangements
- ∂ In the past 30 days, we have sent out tenant collection letters as well as delinquency notices in order to lower our <61-120 aged receivables. This has so far been a continued success-
 - On 02/10/2021, 23 tenant collection letters were mailed to property owners
 - On 01/25/2021, 314 delinquency notices were mailed out totaling \$314,109.10.To date, we have received 123 payments totaling \$34,045.55
- ∂ Admin is currently working on researching all of the Districts active connections that are not being billed. We have sent over 45 notifications to property owners that billing will begin the next billing cycle. We have requested an additional 19 grant deeds from County of Lake as of 02/10/2021

All the best,
Olivia Mann

Clearlake Oaks County Water District

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February 11, 2021

Clearlake Oaks County Water District
P.O. Box 709
Clearlake Oaks, CA 95423-0709

RE: DC board letter,

Water distribution main & service lines:

*We were fortunate to only have a few of our typical service line and meter gasket leaks to deal with.

Sample stations sites:

*DC crew is still collecting the routine BacT samples every Wednesday. All reports have come back absent for total Coliforms and E.Coli.

Sewer collections and Lift station sites:

*No new sewer spills to report.

*This month we seemed to have a lot more call outs for plugged sewer lines

*We did some preventive maintance by jetting the sewer main line on Keys Blvd. from Hwy 20 to Second St. We are planning to jet more sewer mains in the Keys area because of the amount of built up grease that we pulled out the other day.



This is a root ball taken from a sewer lateral on 3rd.

Staff updating:

*DC crew includes;

- Jeremy, Chief - OP 3, Class B license.
- Jesse, Lead - OP 2, Class B license, Technician Ham license.
- Hugo - DC OP 1, Class B license. Technician Ham license. *"Out on disability"*
- Jake - Utility Tech with I.T. knowledge. *"Out on workmen's comp"*
- Gerald - Temporary Utility Tech. *"Jerry is catching on quickly"*

District vehicles:

Margaret Medeiros
President

Stanley Archacki
Vice President

Samuel Boucher
Director

Michael Herman
Director

James Burton
Director

*Replaced the front vacuum Intake hose on our new Vac-Con, this is a wear item that should be replaced at least every year.

Miscellaneous:

*The District's new sewer camera works very well.

*We were able to get a lot of our road work, older work orders, and check statues completed this month.

Thank You

Chief DC, Jeremy Backus

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February 10, 2021
Board letter

- ◆ December - The lake NTU and charge have been lower making the treatment process easier with less chemical demand.
- ◆ Water production for the month was 20.03 MG.
- ◆ Continuing maintenance through the plant area.

Ongoing weekly cleaning of the weirs and interior surfaces of the clarifiers has continued.

Replacement of pressure gauges for filter 1 pressure gauge was completed as they would not zero when under no pressure.



A clogged Zink orthophosphate (used for corrosion control in the distribution system) was located replaced, and now back in proper working order.

- ◆ Water sample list is attached

Margaret Medeiros
President

Stanley Archacki
Vice President

Samuel Boucher
Director

Michael Herman
Director

James Burton
Director

- ◆ The SWRCB has asked for monthly side by side comparisons of our SWAN NTU meters vs. our bench top NTU meter to be included in our monthly report to them.
- ◆ We have started to monitor our water consumption during production Example: Water flows to sample ports, Various NTU meters, Clarifier sludge blow off Etc and will have begun working on reducing waste.
- ◆ Attached is the quote for our coagulant order from NTU technologies.
- ◆ Treatment staff:
James Simons T2 Operator
Kurt Jensen T3, D2 Chief

Thank you,

Kurt Jensen

WTP Chief Plant Operator

k.jensen@clocwd.org

Water Sample Testing

	DATE	DATE	DATE	
Bacti R(BW) & CW (M)	2/4/2021			A = Annually
Bacti R (BW)	1/22/2021			Q = Quarterly
TOC ALK R (M)	1/22/2021			M = Monthly
TOC CW (M)	1/22/2021			BW = Bi-weekly
R & CW TCP123 (BA)				BA = Bi-annually
Color / Odor (A)				
Bromate (Q)				
Perchlorate (A)				
TTHM (Q)				
HAA5 (Q)				
Lead & Copper (A)(1)				
Lead & Copper (A)(1)				
Lead & Copper (A)(1)				
Nitrate (A)				
Nitrite (A)				
Antimony (A)				
Arsenic(A)				
Barium(A)				
Beryllium(A)				
Cadmium(A)				
Chromium Total (A)				
Fluoride Natural(A)				
Mercury(A)				
Nickel(A)				
Selenium(A)				
Thallium(A)				
Simazine(A)				
Bicarbonate Alaklinity(A)				
Calcium(A)				
Carbonate Alakalinity(A)				
Chloride(A)				
Copper(A)				
Foaming Agents (MBAS)(A)				
Hardness Total as CaCO3(A)				
Hydroxide Alakalinity(A)				
Iron(A)				
Magnesium(A)				
Manganese(A)				
PH, Laboratory(A)				
Silver(A)				
Sodium(A)				
Specific Coductance(A)				
Sulfate(A)				

Total Dissolved Solids(A)
Turbidity, Laboratory(A)
Zinc(A)
Aluminum(A)
MTBE(A)
Color / Odor

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February 10, 2021

Clearlake Oaks County Water District
P.O. Box 709
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RE: January Board Report 2020

The flows for the month of January totaled to 8.833 MG averaging 285,000 thousand gallons a day. The total amount of gallons treated and sent through our effluent line was 7.649 MG averaging 246,000 thousand gallon day (170gpm). There was a total of 4.60" of rain for the month. Clearlake averaged .68' Rumsey Gauge. The plants performance has been good. We are continuing to produce effluent that meets the plant discharge permit.

On January 15th PFAS results were sent to me via email. I contacted APPL Labs to better understand the results. I was told there is nothing to be concerned about. The results reflected a normal non-eventful process in regards to PFAS contaminates. I submitted the results through the States Water Resources Control Board GeoTracker ESI website. At this time the reviewing is pending. We are continuing with our Hypochlorite project. At this time it is about 85% completed. On January 25th we dredged the Chlorine Contact Chamber. This is a 9-10 hr procedure. It involves draining the chamber completely from all liquid and sludge. We are happy to say that we were able to do so. The install of our actuated valve between the Clarifier and SEPS is scheduled to begin this month on the 16th depending on weather. I will report on this matter on next month's reporting period. All maintenance and testing have been completed for this month and have been successful.

Francisco Castro
Chief Plant Operator

Margaret Medeiros
President

Stanley Archacki
Vice President

Samuel Boucher
Director

Michael Herman
Director

James Burton
Director

**Clearlake Oaks County Water District
Board of Directors
Board Meeting February, 2021**

Happy February Everyone,

The biggest project facing the District at this time is the USDA Water Improvement Project. This project started at five million then with the lower interest rate we qualified for seven million and now that the bids have been received, we are asking USDA for an additional million in grant money bringing the total project to over eight million dollars. By far the biggest project this District has ever seen. The District received a total of three bids:

Team-Ghilotti	Base bid was \$6,583,379 – minus the deductions: \$5,631,647
Argonaut	Base bid was \$8,095,282 – minus the deductions: \$7,045,081
T & S Construction	Base bid was \$6,454,760 – minus the deductions: \$5,584,559

As you can see, T & S Construction is the apparent low bidder, however, this bid will not be officially awarded until we receive word from USDA regarding the additional requested grant money. I have agenzized this item for an update so more questions can be answered during the meeting.

Olivia and I met with Badger Meters last week to cover final counts of meters, valves, etc. that will be required for the meter project and we made great progress with both Badger and staff getting the correct totals for the change out and getting the current new meters we have installed over the last few months working correctly with our billing system. Olivia has been busy working with CUSI to get our new interface up and running so when we do install our new meters they will work with our billing system.

I have an email into PG&E asking for an update on the progress at LS 10, hopefully I will have an update for you at the meeting.

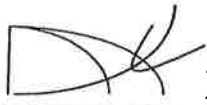
It appears that our main breaks have slowed down a bit allowing our D/C staff to catch up on some smaller leaks around the District and perform some maintenance jetting on our sewer lines. Case Excavation has repaired the damage on Lake Street and have hot patched multiple areas.

Please see the USDA update from MC Engineering attached.

Please refer to individual department letters for additional details.

As always, a huge thank you to Staff for working hard and taking pride in a job well done.

Respectfully Submitted,
Dianna Mann
General Manager



Report Date: February 8, 2021

To: Dianna Mann, CLOCWD General Manager

From: Mark Carey, P.E., MC Engineering Principal Engineer

RE: CLOCWD USDA Funded PER and Initial Design Services

Billing Period: January 2020

I. Project Status Update

Work on the project during January included the following

- Harvey tank easement acquisition (on-going)
- Revisions to specs and bid documents based on questions and responses from contractors
- Changes to the bid documents including adding additional deductive alternatives in an effort to meet budget requirements
- Preparation of Addendums 3, 4, and 5 as needed to facilitate above efforts
- Initial work under the construction phase to facilitate easements for the new backflow devices
- Extensive coordination with USDA and CLOCWD GM to pin down budget and funding availability
- Contract facilitation and monthly invoicing
- Attended Bid Opening
- Assisted with Bid Analysis
- Bid Solicitation, coordination, and bidder correspondence

II. Budget Status Update

Total Engineering Design and Bidding Services Initial Authorized Budget (Revised w/Addendum 1 & 2):

Phase 1 (PER): \$102,395.00

Phase 2 (Design/Bid): \$492,540.00

Total: \$594,935.00

This Invoice: \$26,028.08

Cost to Date: \$654,493.54

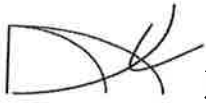
Cost to Complete: \$-59,558.54

III. Projected Tasks for February 2020

- Revised authorization for construction services
- Construct support activities (easements, etc.)
- Contract award support, including USDA funding estimates and coordination

IV. Harvey Tank Easement and DMA Meter Potholing Status

- The following items are critical action items to move forward on the Harvey Tank design and the DMA meter design:
 1. Harvey Tank Easements (on-going): Based on the desire to acquire additional land for the Harvey Tank Project, MCE is working with the District for the acquisition of additional property for the foundation of the Harvey Tank. Critical path items moving forward are:
 - Continue to work with property owner for acquisition of additional easement property



MC ENGINEERING

- o Once additional property is acquired, easement finalization will be needed for Tank design
 - o We are currently awaiting signature of the easement documents and John has negotiated terms with both adjacent landowners. One signature is still outstanding from the property owners to the north.
 - o Grantor has requested an access easement up the via the existing road and immediate owner has requested a slope easement for her house pad in return.
2. DMA meter existing pipe location (on-going):
- o It has been determined that potholing for DMA location 4 (Hwy 20 and Orchard Shores will take place during construction and will be included as a bid item

V. Budget Status and Added Scope Items:

Previous Updates (Up to and including end of December 2020):

With the completion of Addendum 2, this invoice and summary includes the addition of \$170,940.00 which includes the design of the Cerritos tank along with the upgrades to the Harvey Area distribution system. Included in the Harvey Area distribution system project is the upgrade of the pipeline that extends from Highway 20 to the Forest service building located on Spring Street. Extra work that was completed outside of the original scope included:

3. Design of pipeline on Spring Street to the Forest service building (Approx. impact \$7,500)
4. Development of individual customer meter location documents (Approx. impact \$5,000)
5. Design of isolation valve at WTP to isolate clarifiers (Approx. impact \$1,500)
6. Design of pipeline on Young Drive (Approx. impact \$500)
7. Additional USDA grant/loan processing for added projects as noted in the Phase I deficit (\$8,018.57)
8. Easement Acquisition for Harvey (Approx. \$5,000)

As noted above the total out of scope work is estimated at approximately \$27,518.57. We are currently over the original budget by \$33,530.46. Pending approval of the \$27,518.57 previously requested We anticipate needing additional budget to complete the bidding phase. Easement acquisitions are on-going and more costs will be incurred to complete the process. We estimate needing a minimum of \$15,000 beyond the \$27,518.57 noted above for a total of \$42,518.57. New items that arose in December included:

- 1) Added time to change the service entry power at Harvey site (\$5,000 +/-)
- 2) Revisions to the plans and specs to respond to State Division of Drinking Water (\$5,000 /-)
- 3) Changes to the painting spec to save costs (\$3,000 +/-)
- 4) Changes to the bid items to allow deductions for the Harvey access road pending a design change after award as discussed. (\$2,000 +/-)

Revised Updates (End of December to end of January 2021):

As noted above we had projected a minimum of \$15,000 needed to complete the bidding process in January 2021. The January of invoice of \$26,028.08 included approximately \$10,000 in costs associated with construction (easement documents) and related administration work (USDA coordination) not included in our initial authorization. These costs have been programmed into the overall costs associated with the revised USDA funding requests which are anticipated to include increases in grant funding totals to accommodate project cost increases.

Clearlake Oaks County Water District
Summary Balance Sheet
As of January 31, 2021

	Jan 31, 21
ASSETS	
Current Assets	
Checking/Savings	1,725,609.13
Other Current Assets	1,763,931.79
Total Current Assets	3,489,540.92
Fixed Assets	16,556,738.19
TOTAL ASSETS	20,046,279.11
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	49,817.58
Credit Cards	457.39
Other Current Liabilities	1,664,743.50
Total Current Liabilities	1,715,018.47
Total Liabilities	1,715,018.47
Equity	18,331,260.64
TOTAL LIABILITIES & EQUITY	20,046,279.11

Clearlake Oaks County Water District
Balance Sheet
 As of January 31, 2021

	Jan 31, 21
ASSETS	
Current Assets	
Checking/Savings	
102.13 · SEWER RESERVES-9592	15,000.00
102.11 · PC ESCROW - 6184	132,707.32
102.10 · CRP PC - 6192	6,645.34
102.12 · WATER RESERVES- 8503	225,200.00
102.001 · GL - 9122 (Old Acct. # 053420019)	176,128.65
101 · LAIF - CASH IN BANK (CASH IN BANK - LAIF - WAS 1013550)	
CIP Deposits 2014	189,000.00
101 · LAIF - CASH IN BANK (CASH IN BANK - LAIF - WAS 1013550) - ...	868,756.36
Total 101 · LAIF - CASH IN BANK (CASH IN BANK - LAIF - WAS 1013550)	1,057,756.36
102.01 · WEST AMERICA - REGULAR CHECKING (WEST AMERICA BA...	88.98
102.02 · CRP Water - 6990	94,968.67
102.03 · CRP Sewer - 3745	17,113.81
Total Checking/Savings	1,725,609.13
Other Current Assets	
103 · PETTY CASH (PETTY CASH - WAS 1013200)	306.59
104 · COUNTY TREASURY (COUNTY TREASURY - WAS 1013201)	29,609.68
130 · Const In Progress - Studies	134,732.26
132 · CRP SEWER (CAPITOL IMPROVEMENTS - SEWER - WAS 1199200)	983,511.67
135 · CRP WATER (CAPITOL IMPROVEMENTS - WATER - WAS 1199100)	249,148.33
114 · ACCOUNTS RECEIVABLE. (ACCOUNTS RECEIVABLE - WAS 1097...	351,149.26
115 · PRE-PAID INSURANCE (PRE-PAID INSURANCE - WAS 1097840)	15,474.00
Total Other Current Assets	1,763,931.79
Total Current Assets	3,489,540.92
Fixed Assets	
138 · USDA Water Improvements	681,355.00
128 · Sewer Infrstrcture & Rehab Proj (Phase 1 was the installation of the ...	3,899,746.37
121 · Wtr Dist & Wtr Storage Projects (Replacement or installation of wate...	
121.1 · Sidewalk Project - District Exp	115,500.66
121 · Wtr Dist & Wtr Storage Projects (Replacement or installation of w...	150,784.44
Total 121 · Wtr Dist & Wtr Storage Projects (Replacement or installation of...	266,285.10
131 · Waste Water Plant	
131.1 · Pumps/Equipment	99,784.99
131 · Waste Water Plant - Other	57,768.09
Total 131 · Waste Water Plant	157,553.08
126 · Forcemain (phase 1) Cap. Imprv.	1,253,598.85
123 · USDA - Sewer Plant Cap Imprvmt	4,265,559.43
USDA Project	-523,819.00
127 · Water Plant	
127.7 · Ozone System	12,785.71
127.6 · Swan AMI Turbiwell Monitor	25,079.10
127.5 · A/C installation for Filter Rm	750.00
127.4 · PH System	9,959.72
127.2 · Harvy Vault Chlor Inject Proj	1,408.61
127.1 · Major Equipment	182,836.13
127 · Water Plant - Other	211,458.66
Total 127 · Water Plant	444,277.93
120 · District General CRP (EQUIPMENT - WAS 1011181)	
120.01 · General Equipment/Tools (GENERAL EQUIPMENT - WATER - ...	1,921,549.25
120.60 · Office (OFFICE EQUIPMENT - WAS 1011192)	27,331.49
120.75 · SCADA	22,386.51
120.90 · Vehicles/Generators/Trailers	691,610.28
120 · District General CRP (EQUIPMENT - WAS 1011181) - Other	95,008.57
Total 120 · District General CRP (EQUIPMENT - WAS 1011181)	2,757,886.10

Clearlake Oaks County Water District
Balance Sheet
As of January 31, 2021

	Jan 31, 21
122 · Bldgs/Grounds Cap Improvements	8,535,149.57
124 · D/C System Cap Improvements (COLLECTION SYSTEM - SEWER - ...	
124.2 · GIS Online Mapping System	6,565.17
124.30 · Lift Stations	
124.31 · Lift Station 7 Bypass	66,042.23
124.30 · Lift Stations - Other	56,539.80
Total 124.30 · Lift Stations	122,582.03
124.50 · Mains	14,788.58
124.60 · Meters	24,010.72
124.90 · Water Tanks	40,615.04
124 · D/C System Cap Improvements (COLLECTION SYSTEM - SEWER ...	3,166,870.22
Total 124 · D/C System Cap Improvements (COLLECTION SYSTEM - SEW...	3,375,431.76
125 · Land - Dist. Cap. Improvements	299,770.00
129 · ALLOW. FOR DEPRECIATION	-8,856,056.00
Total Fixed Assets	16,556,738.19
TOTAL ASSETS	20,046,279.11
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
200 · ACCOUNTS PAYABLE (ACCOUNTS PAYABLE - WAS 2097200)	49,817.58
Total Accounts Payable	49,817.58
Credit Cards	
211 · WAB Credit Card	
211.14 · WAB - Dianna - 3226 (211.14: - WAB - Dianna - 3226)	457.39
Total 211 · WAB Credit Card	457.39
Total Credit Cards	457.39
Other Current Liabilities	
Annual Depreciation	249,035.55
224 · USDA Retainage	10,000.00
223.56 · FEDERAL PAYROLL TAX PENALTY (Failure to make a feder...	-3,928.96
280 · Loan	
280.02 · KS State Bank - 2019 Vac-Con	326,189.61
280.12 · USDA Loan	1,012,320.41
Total 280 · Loan	1,338,510.02
221 · Health Ins - EE Portion	-3,431.90
222 · Direct Deposit Liabilities (Direct Deposit Liabilities)	383.04
223.15 · GARNISHMENTS (GARNISHMENT MAIN - NEW GL)	
223.17 · GARNISHMENT - LAKE CO SHERIFF (GARNISHMENT - L...	6,337.17
223.15 · GARNISHMENTS (GARNISHMENT MAIN - NEW GL) - Other	-6,001.30
Total 223.15 · GARNISHMENTS (GARNISHMENT MAIN - NEW GL)	335.87
223.45 · FICA & SOCIAL SEC PAYABLE (FICA & SOCIAL SEC PAYAB...	-12.40
223.50 · MEDICARE TAX PAYABLE (MEDICARE TAX PAYABLE - WA...	-2.90
223.65 · STATE DISABILITY PAYABLE (STATE DISABILITY PAYABLE...	-0.01
223.75 · PAYROLL DEDUCTION - INS CO-PAY (PAYROLL DEDUCTI...	-1,076.55
223.80 · GASB 68 Pension (- WAS 2097190)	16,533.00
223.85 · MISC DEDUCTIONS PAYABLE (MISC DEDUCTIONS PAYAB...	5,369.57
223.90 · COMPENSATED EMPLOYEE BENEFITS (COMPENSATED E...	54,922.20
24000 · Payroll Liabilities (Unpaid payroll liabilities. Amounts withhe...	-1,893.03
Total Other Current Liabilities	1,664,743.50
Total Current Liabilities	1,715,018.47
Total Liabilities	1,715,018.47
Equity	
302 · RETAINED EARNINGS (RETAINED EARNINGS - WAS 3030300)	5,956,568.19

3:33 PM
02/08/21
Accrual Basis

Clearlake Oaks County Water District
Balance Sheet
As of January 31, 2021

	Jan 31, 21
304 - Opening Balance Equity (Opening balances during setup post to thi...	-584,283.24
306 - Retained Earnings - OLD (Undistributed earnings of the corporation ...	12,858,812.88
Net Income	100,162.81
Total Equity	18,331,260.64
TOTAL LIABILITIES & EQUITY	20,046,279.11

Clearlake Oaks County Water District
Capital Improvements
As of January 31, 2021

Date	Name	Memo	Class	Amount
130 - Const In Progress - Studies				
08/03/2020	Badger Meter	2 ea. IR Communica...	Loan/Grant:...	195.87
10/07/2020	Badger Meter	Meters	Loan/Grant:...	3,679.39
10/07/2020	Badger Meter	Neters	Loan/Grant:...	2,618.45
12/29/2020	Badger Meter	Meter reading for PC	Loan/Grant:...	74.76
Total 130 - Const In Progress - Studies				6,568.47
138 - USDA Water Improvements				
07/05/2020	MC Engineering, Inc	USDA Water Improv...	Loan/Grant:...	37,570.58
07/15/2020	BKF Engineers	Services May 25, 20...	Loan/Grant:...	960.00
08/01/2020	AES - Analytical Envir...	Professional service...	Loan/Grant:...	1,182.50
08/05/2020	MC Engineering, Inc	USDA Water Improv...	Loan/Grant:...	26,802.80
08/06/2020	BKF Engineers	Services 6/29/2020 -...	Loan/Grant:...	1,440.00
09/01/2020	MC Engineering, Inc	USDA Water Improv...	Loan/Grant:...	800.00
09/01/2020	AES - Analytical Envir...	Services thru 8/31/2...	Loan/Grant:...	291.90
09/05/2020	MC Engineering, Inc	USDA Water Project	Loan/Grant:...	31,641.59
10/01/2020	AES - Analytical Envir...	Professional service...	Loan/Grant:...	570.00
10/05/2020	MC Engineering, Inc	USDA Water	Loan/Grant:...	48,994.53
10/08/2020	First American Title C...	Preliminary report - ...	Loan/Grant:...	500.00
10/31/2020	AES - Analytical Envir...	10/31/2020	Loan/Grant:...	887.50
11/05/2020	MC Engineering, Inc	USDA Meters/Water...	Loan/Grant:...	48,004.91
11/06/2020	BKF Engineers	Harvey Tank Access...	Loan/Grant:...	1,200.00
11/19/2020	PG&E	2746605 - EP 9940 ...	Loan/Grant:...	2,500.00
11/29/2020	BKF Engineers	C20149030-30 - Har...	Loan/Grant:...	1,200.00
12/05/2020	MC Engineering, Inc	USDA Water Project	Loan/Grant:...	32,976.13
01/05/2021	MC Engineering, Inc	USDA Water Project	Loan/Grant:...	18,146.38
Total 138 - USDA Water Improvements				255,668.82
128 - Sewer Infrstrcture & Rehab Proj (Phase 1 was the installation of the Force Main)				
09/01/2020	MC Engineering, Inc	Inflow & Infiltration ...	Loan/Grant:...	168.66
09/28/2020		State of CA - State ...	Loan/Grant:...	-75,572.00
Total 128 - Sewer Infrstrcture & Rehab Proj (Phase 1 was the installation of the F...				-75,403.34
121 - Wtr Dist & Wtr Storage Projects (Replacement or installation of water distrib...				
131 - Waste Water Plant				
131.1 - Pumps/Equipment				
08/20/2020	Commercial Pump & ...	WWTP - Effluent Pu...	CRP:Sewer	9,680.00
09/27/2020	Leete Generators Inc	Repair backup gener...	CRP:Sewer	3,261.92
10/26/2020	Coastal Mountain Ele...	Emergency work - b...	CRP:Sewer	17,577.00
12/05/2020	Leete Generators Inc	Repair Generattor S...	CRP:Sewer	1,838.65
12/07/2020	Coastal Mountain Ele...	7576 GE Service Te...	CRP:Sewer	3,392.00
12/09/2020	Commercial Pump & ...	Rebuild Effluent Pu...	CRP:Sewer	30,167.24
01/19/2021	WECO Industries	Push Camera	GL:Sewer	14,522.72
Total 131.1 - Pumps/Equipment				80,439.53
131 - Waste Water Plant - Other				
Total 131 - Waste Water Plant - Other				
Total 131 - Waste Water Plant				80,439.53
127 - Water Plant				
127.6 - Swan AMI Turbiwell Monitor				
Total 127.6 - Swan AMI Turbiwell Monitor				
127.5 - A/C installation for Filter Rm				
Total 127.5 - A/C installation for Filter Rm				
127.4 - PH System				
Total 127.4 - PH System				
127.2 - Harvy Vault Chlor Inject Proj				
Total 127.2 - Harvy Vault Chlor Inject Proj				
127.1 - Major Equipment				
11/24/2020	Instrument Technolog...	HL-7000 Electro-Aco...	CRP:Water	5,758.31
Total 127.1 - Major Equipment				5,758.31
127 - Water Plant - Other				

Clearlake Oaks County Water District
Capital Improvements
As of January 31, 2021

Date	Name	Memo	Class	Amount
Total 127 · Water Plant - Other				
Total 127 · Water Plant				5,758.31
120 · District General CRP (EQUIPMENT - WAS 1011181)				
120.01 · General Equipment/Tools (GENERAL EQUIPMENT - WATER - WAS 1011190)				
Total 120.01 · General Equipment/Tools (GENERAL EQUIPMENT - WATER - ...				
120.60 · Office (OFFICE EQUIPMENT - WAS 1011192)				
Total 120.60 · Office (OFFICE EQUIPMENT - WAS 1011192)				
120.75 · SCADA				
12/14/2020	Southport Control Sol...	IIFT sTATION 12 cO...	CRP:Sewer	17,330.00
Total 120.75 · SCADA				17,330.00
120.90 · Vehicles/Generators/Trailers				
09/30/2020	101 Trailer & RV	2021 New Load trailer	GL:Sewer	3,886.82
09/30/2020	101 Trailer & RV	2021 New Load Trailer	GL:Water	3,886.81
10/06/2020				409,026.92
Total 120.90 · Vehicles/Generators/Trailers				416,800.55
120 · District General CRP (EQUIPMENT - WAS 1011181) - Other				
Total 120 · District General CRP (EQUIPMENT - WAS 1011181) - Other				
Total 120 · District General CRP (EQUIPMENT - WAS 1011181)				434,130.55
122 · Bldgs/Grounds Cap Improvements				
Total 122 · Bldgs/Grounds Cap Improvements				
124 · D/C System Cap Improvements (COLLECTION SYSTEM - SEWER - WAS 1011161)				
124.30 · Lift Stations				
08/04/2020	Southport Control Sol...	Lift station PLC and ...	CRP:Sewer	1,950.00
09/14/2020	Southport Control Sol...	9/2/2020 - L/S #12 u...	CRP:Sewer	1,372.00
09/14/2020	Southport Control Sol...	Remote service call ...	CRP:Sewer	237.00
09/14/2020	Southport Control Sol...	9/8/2020 - Service c...	CRP:Sewer	948.00
09/14/2020	Southport Control Sol...	Mileage 9/8/2020	CRP:Sewer	108.00
10/30/2020	Municipal Maintenanc...	Gamajet 8 Manhole ...	CRP:Sewer	5,660.32
Total 124.30 · Lift Stations				10,275.32
124.50 · Mains				
Total 124.50 · Mains				
124.60 · Meters				
11/19/2020	Badger Meter	3 - Compound meter...	CRP:Water	14,010.38
Total 124.60 · Meters				14,010.38
124.90 · Water Tanks				
Total 124.90 · Water Tanks				
124 · D/C System Cap Improvements (COLLECTION SYSTEM - SEWER - WAS 1011161) - Other				
07/28/2020	Pace	Hydrant supplies for ...	CRP:Water	3,612.17
07/28/2020	Pace	Fire hydrant	CRP:Water	3,233.20
07/30/2020	Mendo Mill	Repair hydrant in fro...	CRP:Water	124.32
07/31/2020	Mendo Mill	Paint for hydrant rep...	CRP:Water	91.70
09/01/2020	MC Engineering, Inc	Lead Pipe response	CRP:Water	2,937.50
09/01/2020	MC Engineering, Inc	Lead pipe response	CRP:Water	2,183.27
09/01/2020	Pace	Hydrant repairs	CRP:Water	7,160.57
10/23/2020	Pace	Hydrants for Orchard...	CRP:Water	6,555.89
Total 124 · D/C System Cap Improvements (COLLECTION SYSTEM - SEWE...				25,898.62
Total 124 · D/C System Cap Improvements (COLLECTION SYSTEM - SEWER - ...				50,184.32
125 · Land - Dist. Cap. Improvements				
Total 125 · Land - Dist. Cap. Improvements				
129 · ALLOW. FOR DEPRECIATION				
Total 129 · ALLOW. FOR DEPRECIATION				
TOTAL				757,346.66



Accounts

Transfer Settings

CRP PC *6192

Available	**\$8,139.55
Current	\$8,139.55

CRP SEWER *3745

Available	**\$35,631.04
Current	\$35,631.04

GENERAL LEDGER *9122

Available	**\$331,935.13
Current	\$320,944.98

PC ESCROW *6184

Available	**\$132,707.32
Current	\$132,707.32

PUBLIC REGULAR CHK *8503

Available	**\$237,700.00
Current	\$237,700.00

PUBLIC REGULAR CHK *9592

Available	**\$20,000.00
Current	\$20,000.00

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Pay your bills on one screen in seconds.

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You currently have no rewards available. Check back soon.

CRP WATER *6990

*6192-CRP PC

[change account](#) ▼

Available **\$89,326.41

[How does this work?](#)

Current \$89,326.41

BALANCE TOTALS

Money Management

Total Deposit Accounts \$844,449.30

Budgets made easy!

**This balance may include overdraft or line of credit funds



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Every transaction is automatically categorized and put into a budget to help you stay on track.



No outside accounts added.

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2

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

February 12, 2021

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

CLEARLAKE OAKS COUNTY WATER DISTRICT

AUDITOR/SECRETARY
 P.O. BOX 709
 12952 HIGHWAY 20
 CLEARLAKE OAKS, CA 95423-0709

[Tran Type Definitions](#)

Account Number: 90-17-001

January 2021 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
1/15/2021	1/14/2021	QRD	1665071	N/A	SYSTEM	1,672.45

Account Summary

Total Deposit:	1,672.45	Beginning Balance:	1,057,756.34
Total Withdrawal:	0.00	Ending Balance:	1,059,428.79

226

Aged Accounts Receivable

As of 02/12/2021

<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91-120 Days</u>	<u>Over 120 Days</u>	<u>Total Balance</u>
\$90,892.54	\$27,189.19	\$17,369.60	\$17,519.33	\$220,355.83	<u>\$373,326.49</u>

Total number of accounts with open balances: 966

These totals include all accounts on the Tax Roll

Water	\$99,496.11
Water Penalty	\$8,631.54
Sewer	\$150,058.19
Sewer Penalty	\$11,005.27
CRP Water	\$42,522.99
CRP Water Penalty	\$2,289.71
CRP Sewer	\$55,162.83
CRP Sewer Penalty	\$3,383.28
CRP PC	\$736.01
CRP PC Penalty	\$40.56
Total Balance:	\$373,326.49

Clearlake Oaks County Water District

Profit and Loss

July 2020 through January 2021

	Admin (GL)	Sewer (GL)	Water (GL)	Total GL	TOTAL
Ordinary Income/Expense					
Income					
Income					
410 · Client Reg Pmt	0.00	562,511.52	729,724.88	1,292,236.40	1,292,236.40
420 · Connection Fees	0.00	0.00	10,396.00	10,396.00	10,396.00
430 · Penalty & Interest	0.00	7,832.55	11,267.12	19,099.67	19,099.67
440 · Misc Revenue	0.00	24,300.42	29,134.82	53,435.24	53,435.24
450 · Other - Non S/W Rev	0.00	11,738.46	12,442.01	24,180.47	24,180.47
Total Income	0.00	606,382.95	792,964.83	1,399,347.78	1,399,347.78
Total Income	0.00	606,382.95	792,964.83	1,399,347.78	1,399,347.78
Gross Profit	0.00	606,382.95	792,964.83	1,399,347.78	1,399,347.78
Expense					
Salaries & EE Benefits					
505 · Salaries & Wages	213,762.67	160,855.47	94,418.04	469,036.18	469,036.18
520 · FICA - District Share	15,969.02	11,835.41	6,818.94	34,623.37	34,623.37
530 · Medical Ins - Dist Share	49,670.31	53,999.47	25,199.89	128,869.67	128,869.67
540 · PERS - District Share	59,143.12	11,984.21	5,435.98	76,563.31	76,563.31
550 · Unemployment	11,549.88	0.00	0.00	11,549.88	11,549.88
560 · Workers Comp Ins	1,983.44	5,467.00	5,541.76	12,992.20	12,992.20
Total Salaries & EE Benefits	352,078.44	244,141.56	137,414.61	733,634.61	733,634.61
Services & Supplies					
610 · Bank Fees	13,973.46	0.00	0.00	13,973.46	13,973.46
620 · Communications & Internet	2,481.93	7,452.67	7,541.66	17,476.26	17,476.26
630 · Equip - Office	618.67	0.00	150.14	768.81	768.81
640 · Fuel & Oil	0.00	3,100.96	4,402.75	7,503.71	7,503.71
645 · Insurance	0.00	33,873.56	33,873.55	67,747.11	67,747.11
657 · Lab	0.00	12,364.00	9,983.87	22,347.87	22,347.87
660 · Memberships & Subscription	2,220.91	31,454.86	19,990.84	53,666.61	53,666.61
665 · Mileage Reimb	0.00	59.05	59.05	118.10	118.10
670 · Postage & Shipping	8,226.00	27.90	0.00	8,253.90	8,253.90
675 · Professional Services	14,647.08	4,413.20	6,902.61	25,962.89	25,962.89
685 · Rents	7,681.83	0.00	0.00	7,681.83	7,681.83
690 · Safety & Security	568.99	3,802.04	3,944.73	8,315.76	8,315.76
700 · Tools & Instruments	0.00	1,539.77	1,190.15	2,729.92	2,729.92
703 · Supplies - Clothing & Perso...	136.72	2,272.27	2,022.11	4,431.10	4,431.10
705 · Supplies - Office	4,996.53	633.50	470.97	6,101.00	6,101.00
715 · Supplies-Chemicals-Operat...	0.00	21,187.70	38,087.82	59,275.52	59,275.52
720 · Supplies - Inventory - Other	0.00	2,974.09	1,300.64	4,274.73	4,274.73
735 · Training/Classes/Certs/Clas...	225.00	530.00	1,576.28	2,331.28	2,331.28
750 · Utilities	3,388.96	55,213.97	109,472.02	168,074.95	168,074.95
760 · Waste Disposal	333.40	23,943.55	1,960.53	26,237.48	26,237.48
795 · Yolo Co	0.00	0.00	35,482.44	35,482.44	35,482.44
799 · Misc					
799.1 · Customer Refund - Ac...	0.00	0.00	2,373.76	2,373.76	2,373.76
Total 799 · Misc	0.00	0.00	2,373.76	2,373.76	2,373.76
Total Services & Supplies	59,499.48	204,843.09	280,785.92	545,128.49	545,128.49
Repairs & Replacement					
810 · R&R Buildings & Grounds	1,461.62	546.26	276.22	2,284.10	2,284.10
840 · R&R Vehicles	0.00	1,470.95	1,425.93	2,896.88	2,896.88
Total Repairs & Replacement	1,461.62	2,017.21	1,702.15	5,180.98	5,180.98
Total Expense	413,039.54	451,001.86	419,902.68	1,283,944.08	1,283,944.08
Net Ordinary Income	-413,039.54	155,381.09	373,062.15	115,403.70	115,403.70
Net Income	-413,039.54	155,381.09	373,062.15	115,403.70	115,403.70

**Clearlake Oaks Co Water District
PROJECTED BUDGET 2020-21**

7

Target % > **58%**

As of January 2020 Summary	<u>WATER</u>				<u>SEWER</u>			
	Budget		Actual YTD		Budget		Actual YTD	
	Annual	YTD	Amount	%	Annual	YTD	Amount	%
Total Operating Revenue	1,217,554	710,240	792,965	65%	1,157,800	675,383	606,383	52%
Total Operating Expenses	1,039,017	606,093	626,426	60%	1,193,337	696,113	657,522	55%
Operating Balance (loss)	178,537	104,146	166,539		(35,537)	(20,730)	(51,139)	
420 Connection Fees	10,000	5,833	10,396	104%	10,000	5,833	-	0%
435								
450 Other - Non S/W Rev	100,000	58,333	12,442	12%	100,000	58,333	11,738	12%
Reserves	150,000	87,500	-	0%	-	-	-	0%
Net Change In Net Position (loss)	138,537	80,813	189,377		74,463	43,437	(39,401)	

Current Revenue Notes:

440- Misc Water = Bulk Water

450 - Other - Non S/W Rev: ATT Lease and Tax Roll

Past Revenue Notes

General Ledger	\$315,196.15
District CRP	\$124,957.45
Paradise Cove CRP	\$8,139.55
Paradise Cove Escrow	\$132,707.32
Water Reserve	\$237,700.00
Sewer Reserve	\$20,000.00
LAIF Account	\$1,059,428.81
Total	\$1,898,129.28

As of January 2020 Operating Revenue	<u>WATER</u>				<u>SEWER</u>			
	Budget		Actual YTD		Budget		Actual YTD	
	Annual	YTD	Amount	%	Annual	YTD	Amount	%
410 Client Reg Pmt	1,182,554	689,823	729,725	62%	1,132,800	660,800	562,512	50%
430 Penalty & Interest	30,000	17,500	11,267	38%	25,000	14,583	7,833	31%
440 Misc	5,000	2,917	29,135	0%	0	0	24,300	0%
Total Revenue >	1,217,554	710,240	770,127	63%	1,157,800	675,383	594,645	51%

As of January 2020 Operating Expenses	<u>WATER</u>				<u>SEWER</u>			
	Budget		Actual		Budget		Actual	
	Annual	YTD	YTD	% Spent	Annual	YTD	YTD	% Spent
505 Salaries & Wages	318,237	185,638	201,300	63%	455,678	265,812	267,737	59%
520 FICA - District Share	26,341	15,365	14,804	56%	37,773	22,034	19,820	52%
530 Medical Ins - District Share	111,077	64,795	50,035	45%	166,616	97,193	78,834	47%
540 PERS - District Share	63,193	36,862	35,008	55%	73,976	43,153	41,556	56%
550 Unemployment	9,000	5,250	5,775	64%	9,000	5,250	5,775	64%
560 Workers Comp Ins	20,639	12,039	6,534	32%	26,543	15,484	6,459	24%
Salaries and Employee Benefits >	548,487	319,951	313,454	57%	769,587	448,925	420,179	55%

605 Advertising	200	117	-	0%	200	117	-	0%
610 Bank Fees	10,010	5,839	6,987	70%	10,000	5,833	6,987	70%
620 Communications & Internet	13,000	7,583	8,783	68%	10,000	5,833	8,694	87%
622 Board Exp	3,750	2,188	-	0%	3,750	2,188	-	0%
625 Equip - Field (\$300-\$4999)	2,500	1,458	-	0%	4,000	2,333	-	0%
630 Equip - Office	1,500	875	460	31%	2,000	1,167	310	15%
640 Fuel & Oil	15,020	8,762	4,403	29%	16,300	9,508	3,101	19%
645 Insurance	30,000	17,500	33,874	113%	26,250	15,313	33,874	129%
650 Interest	-	-	-	0%	-	-	-	0%

657	Lab	20,000	11,667	9,984	50%	15,000	8,750	12,364	82%
660	Memberships & Subscriptions	25,750	15,021	21,102	82%	29,750	17,354	32,566	109%
665	Mileage Reimb	750	438	59	8%	500	292	59	12%
670	Postage & Shipping	6,000	3,500	4,113	69%	6,000	3,500	4,141	69%
675	Professional Services	36,000	21,000	14,227	40%	19,000	11,083	11,737	62%
685	Rents	6,200	3,617	3,841	62%	6,200	3,617	3,841	62%
690	Safety & Security	2,500	1,458	4,230	169%	5,500	3,208	4,087	74%
700	Tools & Instruments	2,000	1,167	1,190	60%	2,500	1,458	1,540	62%
703	Supplies - Clothing & Personal	2,050	1,196	2,091	102%	2,300	1,342	2,341	102%
705	Supplies - Office	4,750	2,771	2,970	63%	5,250	3,063	3,133	60%
715	Treatment Chemicals	75,000	43,750	38,088	51%	48,000	28,000	21,188	44%
720	Supplies - Operating - Other	5,000	2,917	1,301	26%	22,000	12,833	2,974	14%
730	Taxes - Licenses	0	0	-	0%	0	0	-	0%
735	Training	3,750	2,188	1,689	45%	3,250	1,896	643	20%
745	Travel	1,000	583	-	0%	1,000	583	-	0%
750	Utilities	162,750	94,938	111,167	68%	125,750	73,354	56,909	45%
760	Waste Disposal	3,050	1,779	2,128	70%	52,250	30,479	24,111	46%
795	Yolo Co	48,000	28,000	35,483	74%				
799.1	Customer Refund	-	-	2,374	0%				0%
Services and Supplies >		480,530	280,309	310,539	65%	416,750	243,104	234,595	56%
810	R&R Buildings & Grounds	7,000	4,083	1,007	14%	4,500	2,625	1,277	28%
815	R & R Damage Claims	0	0	-	0%	-	-	-	0%
820	R&R Lift Stations	-	-	-	0%	-	-	-	0%
830	R&R Equipment	0	0	-	0%	0	0	-	0%
832	R&R Mains/Service Lines	-	-	-	0%	-	-	-	0%
840	R&R Vehicles (\$2k/vehicle)	3,000	1,750	1,426	48%	2,500	1,458	1,471	59%
850	Maintenance Reserve Account	-	-	-		-	-	-	
Repairs & Replacement >		10,000	5,833	2,433	24%	7,000	4,083	2,748	39%
Total Expenses >		1,039,017	606,093	626,426	60%	1,193,337	696,113	657,522	55%

7 Administration - Budget Variance Report July 1, 2020 through June 30, 2021 Target % > **58.3%** GL ADMIN

As of January 2020		2020-2021 Budget		Actual	%	Total
Expenses		Annual	YTD	YTD	Spent	Remaining
505	Salaries & Wages	375,051	218,780	213,763	57.0%	161,288
520	FICA - District Share	31,190	18,194	15,969	51.2%	15,221
530	Medical Ins - District Share	95,550	55,738	49,670	52.0%	45,880
540	PERS-District Share (incl unfunded Liab, 14.5K)	108,563	63,329	59,143	54.5%	49,420
550	Unemployment	18,000	10,500	11,550	64.2%	6,450
560	Workers Comp Ins	8,913	5,199	1,983	22.2%	6,930
Salaries and Employee Benefits >		637,268	371,740	352,078	55.2%	285,190
605	Advertising	400	233	-	0.0%	400
610	Bank Fees	20,000	11,667	13,973	69.9%	6,027
620	Communications & Internet	7,000	4,083	2,482	35.5%	4,518
622	Board Exp	7,500	4,375		0.0%	7,500
625	Equip - Field (up to \$4999)	0	0		0.0%	0
630	Equip - Office	2,000	1,167	619	31.0%	1,381
640	Fuel & Oil	0	0		0.0%	0
645	Insurance	0	0		0.0%	0
650	Interest	0	0		0.0%	0
657	Outsource Lab / Internal Lab	0	0		0.0%	0
660	Memberships & Subscriptions	1,500	875	2,221	148.1%	(721)
665	Mileage Reimb	500	292		0.0%	500
670	Postage & Shipping	12,000	7,000	8,226	68.6%	3,774
675	Professional Services (Legal, IT, CUSI annual)	22,000	12,833	14,647	66.6%	7,353
685	Rents	12,400	7,233	7,682	62.0%	4,718
690	Safety & Security (boots)	1,000	583	569	56.9%	431
700	Tools & Instruments	0	0		0.0%	0
703	Supplies - Clothing & Personal	600	350	137	22.8%	463
705	Supplies - Office	7,500	4,375	4,997	66.6%	2,503
715	Treatment Chemicals	0	0		0.0%	0
720	Supplies - Operating - Other	0	0		0.0%	0
730	Taxes - Licenses	0	0		0.0%	0
735	Training, Certs (Classes, books)	3,500	2,042	225	6.4%	3,275
745	Travel / Lodging	1,000	583		0.0%	1,000
750	Utilities	5,500	3,208	3,389	61.6%	2,111
760	Waste Disposal	500	292	333	66.6%	167
795	Yolo Co	0	0		0.0%	0
799	Misc	0	0		0.0%	0
Services and Supplies >		104,900	61,192	59,500	56.7%	45,400
810	R&R Buildings & Grounds	4,000	2,333	1,462	36.6%	2,538
815	R & R Damage Claims	0	0		0.0%	0
820	R&R Lift Stations	-	-		0.0%	-
830	R&R Equipment	0	0		0.0%	0
832	R&R Mains/Service Lines	0	0		0.0%	0
840	R&R Vehicles (\$2k/vehicle)	0	0		0.0%	0
Repairs & Replacement >		4,000	2,333	1,462	36.5%	2,538
Total Expenses >		746,168	435,265	413,040	55.4%	333,128

Expense Notes

660 Memberships & Subscription - Quickbooks upgrade to 2021 covering all COVID related information - \$1,100

670 Postage - writing two checks per year instead of monthly checks

705 Office Supplies - Annual Billing Envelopes and paper

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Sewer - Budget Variance Report July 1, 2020 through June 30, 2021

Target % >

58.3%

GL SEWER

As of January 2020

2020-2021 Budget

Actual

%

Total

Expenses

Annual

YTD

YTD

Spent

Remaining

505	Salaries & Wages	268,152	156,422	160,855	60.0%	107,297
520	FICA - District Share	22,178	12,937	11,835	53.4%	10,343
530	Medical Ins - District Share	118,841	69,324	53,999	45.4%	64,842
540	PERS - District Share (\$14.5K Unfunded)	19,694	11,488	11,984	60.8%	7,710
550	Unemployment	0	0	0	0.0%	0
560	Workers Comp Ins	22,087	12,884	5,467	24.8%	16,620
	Salaries and Employee Benefits >	450,952	263,056	244,140	54.1%	206,812
605	Advertising	0	0	0	0.0%	0
610	Bank Fees	0	0	0	0.0%	0
620	Communications & Internet	4,000	2,333	7,453	186.3%	(3,453)
622	Board Exp	0	0	0	0.0%	0
625	Equip - Field (up to \$4999)	1,500	875	0	0.0%	1,500
630	Equip - Office	1,000	583	0	0.0%	1,000
640	Fuel & Oil (Schaeffers)	13,500	7,875	3,101	23.0%	10,399
645	Insurance	26,250	15,313	33,874	129.0%	(7,624)
650	Interest	0	0	0	0.0%	0
657	Outsource Lab / Internal Lab	15,000	8,750	12,364	82.4%	2,636
660	Memberships & Subscriptions	29,000	16,917	31,455	108.5%	(2,455)
665	Mileage Reimb	250	146	59	23.6%	191
670	Postage & Shipping	0	0	28	279000.0%	(28)
675	Professional Services (SCADA)	8,000	4,667	4,413	55.2%	3,587
685	Rents	0	0	0	0.0%	0
690	Safety & Security (includes boots)	5,000	2,917	3,802	76.0%	1,198
700	Tools & Instruments	2,500	1,458	1,540	61.6%	960
703	Supplies - Clothing & Personal	2,000	1,167	2,272	113.6%	(272)
705	Supplies - Office	1,500	875	634	42.3%	866
715	Treatment Chemicals	48,000	28,000	21,188	44.1%	26,812
720	Supplies-Operating-Other-Titan Tubes	22,000	12,833	2,974	13.5%	19,026
730	Taxes - Licenses	-	-	-	-	-
735	Training, Certs (classes, books)	1,500	875	530	35.3%	970
745	Travel / Lodging	500	292	0	0.0%	500
750	Utilities	123,000	71,750	55,214	44.9%	67,786
760	Waste Disposal	52,000	30,333	23,944	46.0%	28,056
795	Yolo Co	0	0	0	0.0%	0
799	Misc	0	0	0	0.0%	0
799.1	Customer Refund					
	Services and Supplies >	356,500	207,958	204,845	57.5%	151,655
810	R&R Buildings & Grounds	2,500	1,458	546	21.8%	1,954
815	R & R Damage Claims	0	0	0	0.0%	0
820	R&R Lift Stations	0	0	0	0.0%	0
830	R&R Equipment	0	0	0	0.0%	0
832	R&R Mains/Service Lines	0	0	-	0.0%	-
840	R&R Vehicles	2,500	1,458	1,471	58.8%	1,029
		-	-	-	0.0%	-
	Repairs & Replacement >	5,000	2,917	2,017	40.3%	2,983
	Total Expenses >	812,452	473,931	451,002	55.5%	361,451

Expense Notes

620 Communications and Internet

New Ipads w/monthly data for SCADA, drawings and Internet

675 Professional Services

Annual Audit 50% due now

7 Water - Budget Variance Report July 1, 2020 through June 30, 2021		2020-2021 Budget		Target % >	58.3%	GL WATER
As of January 2020				Actual	%	Total
Expenses		Annual	YTD	YTD	Spent	Remaining
505	Salaries & Wages	130,712	76,248	94,418	72.2%	36,294
520	FICA - District Share	10,746	6,268	6,819	63.5%	3,927
530	Medical Ins - District Share	63,302	36,926	25,200	39.8%	38,102
540	PERS - District Share	8,911	5,198	5,436	61.0%	3,475
550	Unemployment	0	0	0	0.0%	0
560	Workers Comp Ins	16,183	9,440	5,542	34.2%	10,641
Salaries and Employee Benefits >		229,853	134,081	137,415	59.8%	92,438
605	Advertising	0	0	0	0.0%	0
610	Bank Fees	0	0	0	0.0%	0
620	Communications & Internet	7,000	4,083	7,542	107.7%	(542)
622	Board Exp	0	0	0	0.0%	0
625	Equip - Field (\$300 - \$4999)	0	0	0	0.0%	0
630	Equip - Office	500	292	150	30.0%	350
640	Fuel & Oil	12,220	7,128	4,403	36.0%	7,817
645	Insurance	30,000	17,500	33,874	112.9%	(3,874)
650	Interest	0	0	0	0.0%	0
657	Outside Lab / Internal Lab	20,000	11,667	9,984	49.9%	10,016
660	Memberships & Subscriptions	25,000	14,583	19,991	80.0%	5,009
665	Mileage Reimb	500	292	59	11.8%	441
670	Postage & Shipping	0	0	0	0.0%	0
675	Professional Services (SCADA, Mtce Prog)	25,000	14,583	6,903	27.6%	18,097
685	Rents	0	0	0	0.0%	0
690	Safety & Security (includes boots)	2,000	1,167	3,945	197.3%	(1,945)
700	Tools & Instruments	2,000	1,167	1,190	59.5%	810
703	Supplies - Clothing & Personal	1,750	1,021	2,022	115.5%	(272)
705	Supplies - Office	1,000	583	471	47.1%	529
715	Treatment Chemicals	75,000	43,750	38,088	50.8%	36,912
720	Supplies - Operating - Other	5,000	2,917	1,301	26.0%	3,699
730	Taxes - Licenses	0	0	0	0.0%	0
735	Training, Certs (classes, books)	2,000	1,167	1,576	78.8%	424
745	Travel / Lodging	500	292	0	0.0%	500
750	Utilities	160,000	93,333	109,472	68.4%	50,528
760	Waste Disposal	2,800	1,633	1,961	70.0%	839
795	Yolo Co	48,000	28,000	35,483	73.9%	12,517
799	Misc	0	0	0	0.0%	0
799.1	Customer Refund			2,374		
Services and Supplies >		420,270	245,158	280,789	66.8%	139,481
810	R&R Buildings & Grounds	5,000	2,917	276	5.5%	4,724
815	R & R Damage Claims	0	0	0	0.0%	0
820	R&R Lift Stations	0	0	0	0.0%	0
830	R&R Equipment	0	0	0	0.0%	0
832	R&R Mains	0	0	0	0.0%	-
840	R&R Vehicles	3,000	1,750	1,426	47.5%	1,574
Repairs & Replacement >		8,000	4,667	1,702	21.3%	6,298
Total Expenses >		658,123	383,905	419,906	63.8%	238,217
690 Safety & Security - Lock and door repair at Admin - multiple HEP B shots						

Clearlake Oaks County Water District
CRP/CIP Profit and Loss
July 2020 through January 2021

02/08/21

Accrual Basis

	PC (CRP)	Water (CRP)	Sewer (CRP)	Total CRP	TOTAL
Ordinary Income/Expense					
Income					
Income					
425 · CRP (Capital Replacment Plan)					
425.2 · Sewer	0.00	0.00	-34.84	-34.84	-34.84
425.1 · Water	0.00	-15.41	0.00	-15.41	-15.41
425 · CRP (Capital Replacment Plan) - Other	10,996.86	226,302.90	209,203.76	446,503.52	446,503.52
Total 425 · CRP (Capital Replacment Plan)	10,996.86	226,287.49	209,168.92	446,453.27	446,453.27
430 · Penalty & Interest	120.71	3,795.49	3,073.16	6,989.36	6,989.36
440 · Misc Revenue	0.00	0.00	68.07	68.07	68.07
Total Income	11,117.57	230,082.98	212,310.15	453,510.70	453,510.70
Total Income	11,117.57	230,082.98	212,310.15	453,510.70	453,510.70
Gross Profit	11,117.57	230,082.98	212,310.15	453,510.70	453,510.70
Expense					
Salaries & EE Benefits					
505 · Salaries & Wages	0.00	93,250.52	88,402.71	181,653.23	181,653.23
520 · FICA - District Share	0.00	6,959.14	6,540.79	13,499.93	13,499.93
530 · Medical Ins - Dist Share	0.00	13,934.83	10,836.01	24,770.84	24,770.84
540 · PERS - District Share	0.00	4,025.20	4,662.95	8,688.15	8,688.15
560 · Workers Comp Ins	0.00	6,772.09	3,182.97	9,955.06	9,955.06
Total Salaries & EE Benefits	0.00	124,941.78	113,625.43	238,567.21	238,567.21
Services & Supplies					
620 · Communications & Internet	0.00	732.01	833.68	1,565.69	1,565.69
640 · Fuel & Oil	0.00	6,255.34	6,255.27	12,510.61	12,510.61
650 · Interest	0.00	3,483.95	3,483.91	6,967.86	6,967.86
657 · Lab	0.00	2,052.00	0.00	2,052.00	2,052.00
685 · Rents	0.00	0.00	10,801.00	10,801.00	10,801.00
690 · Safety & Security	0.00	4,706.20	1,081.72	5,787.92	5,787.92
703 · Supplies - Clothing & Personal	0.00	1,635.08	300.00	1,935.08	1,935.08
715 · Supplies-Chemicals-Operating	0.00	1,473.23	0.00	1,473.23	1,473.23
735 · Training/Classes/Certs/ClassB	0.00	225.00	225.00	450.00	450.00
Total Services & Supplies	0.00	20,562.81	22,980.58	43,543.39	43,543.39
Repairs & Replacement					
810 · R&R Buildings & Grounds	0.00	147.63	2,665.89	2,813.52	2,813.52
820 · R&R Lift Stations	0.00	0.00	1,560.25	1,560.25	1,560.25
830 · R&R Equipment	633.88	35,040.73	29,671.40	65,346.01	65,346.01
832 · R&R Mains and Sewer Lines	0.00	15,946.90	6,451.88	22,398.78	22,398.78
840 · R&R Vehicles	0.00	10,461.68	7,931.91	18,393.59	18,393.59
Total Repairs & Replacement	633.88	61,596.94	48,281.33	110,512.15	110,512.15
Total Expense	633.88	207,101.53	184,887.34	392,622.75	392,622.75
Net Ordinary Income	10,483.69	22,981.45	27,422.81	60,887.95	60,887.95
Net Income	10,483.69	22,981.45	27,422.81	60,887.95	60,887.95

Clearlake Oaks Co Water District
Budget Variance Report July 1, 2020 through June 30, 2021

7 Target % > **58.3%** CRP-PC
 As of January 2020

Summary	Budget Annual	YTD	Actual YTD Amount	%
PC CRP Revenue	19,536	11,396	11,118	56.9%
PC CRP Expenses	0	0	634	0.0%

Expenses	2020-2021 Budget		Actual	%	Total
	Annual	YTD	YTD	Spent	emaining
Salaries and Employee Benefits >	-	-	-	0.0%	-
605 Advertising	-	-	-	0.0%	-
610 Bank Fees	-	-	-	0.0%	-
620 Communications & Internet	-	-	-	0.0%	-
622 Board Exp	-	-	-	0.0%	-
625 Equip - Field (up to \$4999)	-	-	-	0.0%	-
630 Equip - Office	-	-	-	0.0%	-
640 Fuel & Oil	-	-	-	0.0%	-
645 Insurance	-	-	-	0.0%	-
650 Interest	-	-	-	0.0%	-
657 Outsource Lab / Internal Lab	-	-	-	0.0%	-
660 Memberships & Subscriptions	-	-	-	0.0%	-
665 Mileage Reimb	-	-	-	0.0%	-
670 Postage & Shipping	-	-	-	0.0%	-
675 Professional Services (SCADA)	-	-	-	0.0%	-
685 Rents	-	-	-	0.0%	-
690 Safety & Security (includes bc	-	-	-	0.0%	-
700 Tools & Instruments	-	-	-	0.0%	-
703 Supplies - Clothing & Personal	-	-	-	0.0%	-
705 Supplies - Office	-	-	-	0.0%	-
715 Treatment Chemicals	-	-	-	0.0%	-
720 Supplies - Operating - Other	-	-	-	0.0%	-
730 Taxes - Licenses	-	-	-	0.0%	-
735 Training, Certs (classes, book:	-	-	-	0.0%	-
745 Travel / Lodging	-	-	-	0.0%	-
750 Utilities	-	-	-	0.0%	-
760 Waste Disposal	-	-	-	0.0%	-
795 Yolo Co	-	-	-	0.0%	-
799 Misc	0	0	-	0.0%	0
Services and Supplies >	0	0	-	0.0%	0
810 R&R Buildings & Grounds	-	-	-	0.0%	-
815 R & R Damage Claims	0	0	-	0.0%	0
820 R&R Lift Stations	-	-	-	0.0%	-
830 R&R Equipment	-	-	634	0.0%	(634)
832 R&R Mains/Laterals	-	-	-	0.0%	-
840 R&R Vehicles	-	-	-	0.0%	-
Repairs & Replacement >	0	0	634	0.0%	(634)
Total Expenses >	0	0	634	0.0%	(634)

830 Dosage tank repair, starters for booster pumps

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Clearlake Oaks Co Water District
Budget Variance Report July 1, 2020 through June 30, 2021

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Target % > **58.3%** **CRP-WATER**

As of January 2020 Summary		<u>WATER - CRP</u> Budget		Actual YTD		
		Annual	YTD	Amount	%	
WATER CRP Revenue		411,876	240,261	230,089	55.9%	0%
WATER CRP Expenses		265,148	154,670	207,102	78.1%	0%
USDA Payment 1st year		140,000	81,667			
Operating Balance		6,728	3,925	22,987		
Expenses		2020-2021 Budget		Actual	%	Total
		Annual	YTD	YTD	Spent	Remaining
505	Salaries & Wages	91,124	53,156	93,251	102.3%	(2,127)
520	FICA - District Share	7,480	4,363	6,959	93.0%	521
530	Medical Ins - District Share	43,595	25,430	13,935	32.0%	29,660
540	PERS - District Share	6,670	3,891	4,025	60.3%	2,645
550	Unemployment	0	0		0.0%	0
560	Workers Comp Ins	8,779	5,121	6,772	77.1%	2,007
Salaries and Employee Benefits >		157,648	91,961	124,942	79.3%	32,706
605	Advertising	0	0	-	0.0%	0
610	Bank Fees	0	0	-	0.0%	0
620	Communications & Internet	5,000	2,917	732	14.6%	4,268
622	Board Exp	0	0		0.0%	0
625	Equip - Field (up to \$4999)	1,250	729		0.0%	1,250
630	Equip - Office	-	-		0.0%	-
640	Fuel & Oil	6,500	3,792	6,255	96.2%	245
645	Insurance	0	0		0.0%	0
650	Interest	0	0	3,484	0.0%	(3,484)
657	Outsource Lab / Internal Lab	2,500	1,458	2,052	0.0%	448
660	Memberships & Subscriptions	0	0		0.0%	0
665	Mileage Reimb	0	0		0.0%	0
670	Postage & Shipping	0	0		0.0%	0
675	Professional Services Leak Chk	-	-		0.0%	-
685	Rents	0	0		0.0%	0
690	Safety & Sec (includes boots)	3,500	2,042	4,706	0.0%	(1,206)
700	Tools & Instruments	750	438		0.0%	750
703	Supplies - Clothing & Personal	1,500	875	1,635	0.0%	(135)
705	Supplies - Office	150	88		0.0%	150
715	Treatment Chemicals	0	0	1,473	0.0%	(1,473)
720	Supplies - Operating - Other	7,500	4,375		0.0%	7,500
730	Taxes - Licenses	0	0		0.0%	0
735	Training, Certs (classes, books)	750	438	225	0.0%	525
745	Travel / Lodging	600	350		0.0%	600
750	Utilities	0	0		0.0%	0
760	Waste Disposal	0	0		0.0%	0
795	Yolo Co	0	0		0.0%	0
799	Misc	0	0		0.0%	0
Services and Supplies >		30,000	17,500	20,562	68.5%	9,438
810	R&R Buildings & Grounds	7,500	4,375	148	2.0%	7,352
815	R & R Damage Claims	0	0		0.0%	0
820	R&R Lift Stations	0	0		0.0%	0
830	R&R Equipment	25,000	14,583	35,041	140.2%	(10,041)
832	R&R Mains/Service Lines/Tanks	25,000	14,583	15,947	63.8%	9,053
840	R&R Vehicles	20,000	11,667	10,462	52.3%	9,538
Repairs & Replacement >		77,500	45,208	61,598	79.5%	15,902
Total Expenses >		265,148	154,670	207,102	78.1%	58,046
Expense Notes						
840 V-27 Transmission Repair						
830 Hydrant Replacement/Repair						
832 Excessive leaks in system						

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Clearlake Oaks Co Water District
Budget Variance Report July 1, 2020 through June 30, 2021

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SEWER-CRP

Target % > **58.3%** **CRP-SEWER**

As of January 2020

Summary	Budget		Actual YTD			
	Annual	YTD	Amount	%		
SEWER CRP Revenue	396,097	231,057	180,628	45.6%	0%	
SEWER CRP Expenses	430,722	251,254	184,888	42.9%	0%	
bridge Loan Interest	-	-	-			
USDA Annual Payment	105,280	61,413	27,140			
	-	-	-			
	-	-	-			
Operating Balance (loss)	(139,905)	(81,611)	(4,260)			

Expenses	2020-2021 Budget		Actual YTD	%	Total Remaining
	Annual	YTD			
505 Salaries & Wages	210,135	122,579	88,403	42.1%	121,732
520 FICA - District Share	17,317	10,102	6,541	37.8%	10,776
530 Medical Ins - District Share	59,719	34,836	10,836	18.1%	48,883
540 PERS - District Share	7,884	4,599	4,663	59.1%	3,221
550 Unemployment	-	-	-	0.0%	-
560 Workers Comp Ins	20,716	12,085	3,183	15.4%	17,533
Salaries and Employee Benefits >	315,772	184,200	113,626	36.0%	202,146
605 Advertising	0	0	-	0.0%	0
610 Bank Fees	0	0	-	0.0%	0
620 Communications & Internet	5,000	2,917	834	16.7%	4,166
622 Board Exp	0	0	-	0.0%	0
625 Equip - Field (up to \$4999)	1,250	729	-	0.0%	1,250
630 Equip - Office	-	-	-	0.0%	-
640 Fuel & Oil	6,500	3,792	6,255	96.2%	245
645 Insurance	0	0	-	0.0%	0
650 Interest	0	0	3,484	0.0%	(3,484)
657 Outsource Lab / Internal Lab	0	0	-	0.0%	0
660 Memberships & Subscriptions	0	0	-	0.0%	0
665 Mileage Reimb	0	-	-	0.0%	0
670 Postage & Shipping	0	0	-	0.0%	0
675 Professional Services (SCADA)	0	0	-	0.0%	0
685 Rents	-	-	10,801	0.0%	(10,801)
690 Safety & Security (includes boots)	1,500	875	1,082	72.1%	418
700 Tools & Instruments	200	117	-	0.0%	200
703 Supplies - Clothing & Personal	300	175	300	100.0%	-
705 Supplies - Office	100	58	-	0.0%	100
715 Treatment Chemicals	0	0	-	0.0%	0
720 Supplies - Operating - Other	7,500	4,375	-	0.0%	7,500
730 Taxes - Licenses	0	0	-	0.0%	0
735 Training, Certs (classes, books)	1,200	700	225	0.0%	975
745 Travel / Lodging	400	233	-	0.0%	400
750 Utilities	0	0	-	0.0%	0
760 Waste Disposal	0	0	-	0.0%	0
795 Yolo Co	0	0	-	0.0%	0
799 Misc	0	0	-	0.0%	0
Services and Supplies >	23,950	13,971	22,981	96.0%	969
810 R&R Buildings & Grounds	10,000	5,833	2,666	26.7%	7,334
815 R & R Damage Claims	0	0	-	0.0%	0
820 R&R Lift Stations	20,000	11,667	1,560	7.8%	18,440
830 R&R Equipment	25,000	14,583	29,671	118.7%	(4,671)
832 R&R Mains/Laterals	25,000	14,583	6,452	25.8%	18,548
840 R&R Vehicles	11,000	6,417	7,932	72.1%	3,068
	-	-	-	0.0%	-
Repairs & Replacement >	91,000	53,083	48,281	53.1%	42,719
Total Expenses >	430,722	251,254	184,888	42.9%	245,834

Expense Notes

- 640** Back up generator ran during main breaker outage
- 830** Main Breaker failure and back up generator failure
- 685** Back up generator failed during PSPS - had to rent one at last minute

33

Clearlake Oaks County Water District Payroll Summary January 2021

	Hours	Rate	Jan 21
Employee Wages, Taxes and Adjustments			
Gross Pay			
CTO Saved	-37	52.77	-1,673.10
CTO Used	166	26.32	5,667.43
Holiday	181.25	28.02	5,434.26
Holiday Worked (x2.5)	18.75	70.05	1,284.58
Overtime (x1.5)	90.5	42.03	4,019.88
PTO	159.75	31.43	5,026.93
Straight Board	1,873.75	28.02	56,641.91
Duty Pay			4,340.00
COVID NPL			1,293.60
Total Gross Pay	2,453		82,435.49
Deductions from Gross Pay			
ACWA (pre-tax)			-2,174.20
AFLAC (pre-tax)			-505.02
AFLAC (taxable) AFTER TAX			-128.88
CALPers 457			-400.00
CALPers EE (Pretax)			-3,982.12
Total Deductions from Gross Pay			-7,190.22
Adjusted Gross Pay	2,453		75,245.27
Taxes Withheld			
Federal Withholding			-5,785.00
Medicare Employee			-1,156.46
Social Security Employee			-4,944.89
CA - Withholding			-2,078.00
CA - Disability			-957.08
Total Taxes Withheld			-14,921.43
Deductions from Net Pay			
Miscellaneous Deduction			-260.18
Wage Garnishment			-912.68
Total Deductions from Net Pay			-1,172.86
Net Pay	2,453		59,150.98
Employer Taxes and Contributions			
Medicare Company			1,156.46
Social Security Company			4,864.69
Total Employer Taxes and Contributions			6,021.15

3K

Clearlake Oaks County Water District
Trial Balance
 As of February 28, 2021

	Feb 28, 21	
	Debit	Credit
102.13 · SEWER RESERVES-9592	15,000.00	
102.11 · PC ESCROW - 6184	132,707.32	
102.10 · CRP PC - 6192	6,645.34	
102.12 · WATER RESERVES- 8503	225,200.00	
102.001 · GL - 9122	336,200.83	
102.04 · DWR - CHECKING	0.00	
101 · LAIF - CASH IN BANK	868,756.36	
101 · LAIF - CASH IN BANK:CIP Deposits 2014	189,000.00	
102.01 · WEST AMERICA - REGULAR CHECKING	88.98	
102.02 · CRP Water - 6990	94,968.67	
102.03 · CRP Sewer - 3745	17,113.81	
CUSI Accounts Receivable	0.00	
103 · PETTY CASH	306.59	
104 · COUNTY TREASURY	29,609.68	
130 · Const In Progress - Studies	134,732.26	
130 · Const In Progress - Studies:130.75 · SCADA	0.00	
132 · CRP SEWER	983,511.67	
132 · CRP SEWER:132.05 · CIP SEWER LABOR	0.00	
135 · CRP WATER	249,148.33	
135 · CRP WATER:135.02 · Aircon Project	0.00	
135 · CRP WATER:135.05 · Backwash Pump Filters #2-#3	0.00	
135 · CRP WATER:135.10 · High Valley Project 2013	0.00	
135 · CRP WATER:135.20 · CIP WATER LABOR	0.00	
111 · INVENTORY - WATER	0.00	
114 · ACCOUNTS RECEIVABLE.	351,149.26	
115 · PRE-PAID INSURANCE	15,474.00	
1890 · ACCOUNTS RECEIVABLE - OTHER	0.00	
12000 · Undeposited Funds	0.00	
138 · USDA Water Improvements	681,355.00	
128 · Sewer Infrstrcture & Rehab Proj	3,899,746.37	
121 · Wtr Dist & Wtr Storage Projects	150,784.44	
121 · Wtr Dist & Wtr Storage Projects:121.1 · Sidewalk Project - Distri...	115,500.66	
131 · Waste Water Plant	57,768.09	
131 · Waste Water Plant:131.1 · Pumps/Equipment	99,784.99	
126 · Forcemain (phase 1) Cap. Imprv.	1,253,598.85	
123 · USDA - Sewer Plant Cap Imprvmt	4,265,559.43	
USDA Project		523,819.00
127 · Water Plant	211,458.66	
127 · Water Plant:127.7 · Ozone System	12,785.71	
127 · Water Plant:127.6 · Swan AMI Turbiwell Monitor	25,079.10	
127 · Water Plant:127.5 · A/C installation for Filter Rm	750.00	
127 · Water Plant:127.4 · PH System	9,959.72	
127 · Water Plant:127.2 · Harvy Vault Chlor Inject Proj	1,408.61	
127 · Water Plant:127.1 · Major Equipment	182,836.13	
120 · District General CRP	95,008.57	
120 · District General CRP:120.01 · General Equipment/Tools	1,921,549.25	
120 · District General CRP:120.60 · Office	27,331.49	
120 · District General CRP:120.75 · SCADA	22,386.51	
120 · District General CRP:120.90 · Vehicles/Generators/Trailers	691,610.28	
122 · Bldgs/Grounds Cap Improvements	8,535,149.57	
124 · D/C System Cap Improvements	3,166,870.22	
124 · D/C System Cap Improvements:124.2 · GIS Online Mapping Sys...	6,565.17	
124 · D/C System Cap Improvements:124.30 · Lift Stations	56,539.80	
124 · D/C System Cap Improvements:124.30 · Lift Stations:124.31 · Li...	66,042.23	
124 · D/C System Cap Improvements:124.50 · Mains	14,788.58	
124 · D/C System Cap Improvements:124.60 · Meters	24,010.72	
124 · D/C System Cap Improvements:124.90 · Water Tanks	40,615.04	
125 · Land - Dist. Cap. Improvements	299,770.00	
129 · ALLOW. FOR DEPRECIATION		8,856,056.00
200 · ACCOUNTS PAYABLE		575.21
211 · WAB Credit Card:211.16 · WAB - Francisco - 5312	0.00	
211 · WAB Credit Card:211.15 · WAB - Kurt - 9133	0.00	
211 · WAB Credit Card:211.14 · WAB - Dianna - 3226		1,017.53
211 · WAB Credit Card:211.13 · WAB - Jeremy - 2499	0.00	
211 · WAB Credit Card:211.12 · WAB- Francisco - 2481	0.00	
211 · WAB Credit Card:211.11 · WAB - Dan - 2507	0.00	
211 · WAB Credit Card:211.10 · WAB - Dianna - 2473	0.00	
210 · Cal Card	0.00	

Clearlake Oaks County Water District

Trial Balance

02/08/21

As of February 28, 2021

Accrual Basis

	Feb 28, 21	
	Debit	Credit
210 · Cal Card:210-09 · Cal Card - 5855	0.00	
210 · Cal Card:210-08 · Cal Card - 5848	0.00	
210 · Cal Card:210-07 · Cal-Card	0.00	
210 · Cal Card:210.06 · Cal Card - 3879	0.00	
210 · Cal Card:210.05 · Cal Card - 4075	0.00	
210 · Cal Card:210.04 · Cal Card - 7397	0.00	
210 · Cal Card:210.01 · Cal Card -	0.00	
210 · Cal Card:210.02 · Cal Card 0010	0.00	
210 · Cal Card:210.03 · Cal Card	0.00	
Annual Depreciation		249,035.55
224 · USDA Retainage		10,000.00
223.56 · FEDERAL PAYROLL TAX PENALTY	3,928.96	
280 · Loan:280.02 · KS State Bank - 2019 Vac-Con		326,189.61
280 · Loan:280.12 · USDA Loan		1,012,320.41
280 · Loan:280.10 · Bridge for I & I Rehab Project	0.00	
280 · Loan:280.07 · Bridge Loan for Forced Main	0.00	
280 · Loan:280.05 · USDA Bridge Loan	0.00	
280 · Loan:280.01 · Kansas State Bk - VACON	0.00	
280 · Loan:280.03 · Kansas State Bk - Camera Traile	0.00	
220 · Restricted - Expansion Fee's	0.00	
221 · Health Ins - EE Portion	2,344.80	
221 · Health Ins - EE Portion:221.1 · EE Cobra Payments - Medical	0.00	
222 · Direct Deposit Liabilities		25,759.49
223 · COMP DUMP ACCOUNT	0.00	
223 · COMP DUMP ACCOUNT:223.01 · ADMIN - COMP USED	0.00	
223 · COMP DUMP ACCOUNT:223.02 · SEWER - COMP USED	0.00	
223 · COMP DUMP ACCOUNT:223.03 · WATER - COMP USED	0.00	
223.15 · GARNISHMENTS	6,001.30	
223.15 · GARNISHMENTS:223.16 · GARNISHMENT - COURT DEBT O...	0.00	
223.15 · GARNISHMENTS:223.17 · GARNISHMENT - LAKE CO SHERIFF		6,793.51
223.20 · STATE UNEMPLOYMENT TAX PAYABLE	0.00	
223.25 · Vacation Dump Account	0.00	
223.25 · Vacation Dump Account:223.26 · Admin - Vacation Time	0.00	
223.25 · Vacation Dump Account:223.27 · Sewer - Vacation	0.00	
223.25 · Vacation Dump Account:223.28 · Water - Vacation	0.00	
223.30 · Sick Dump Account	0.00	
223.30 · Sick Dump Account:223.31 · Admin - Sick	0.00	
223.30 · Sick Dump Account:223.32 · Sewer - Sick	0.00	
223.30 · Sick Dump Account:223.33 · Water - Sick	0.00	
223.40 · ACCRUED PAYROLL	0.00	
223.45 · FICA & SOCIAL SEC PAYABLE	12.40	
223.50 · MEDICARE TAX PAYABLE	2.90	
223.55 · FEDERAL PAYROLL TAX WITHHOLDING	0.00	
223.60 · STATE PAYROLL TAX WITHHOLDING	0.00	
223.65 · STATE DISABILITY PAYABLE	0.01	
2135 · CALPERS RETIREMENT PAYABLE	0.00	
223.70 · WORKERS COMP PAYABLE	0.00	
223.75 · PAYROLL DEDUCTION - INS CO-PAY	759.60	
223.80 · GASB 68 Pension		16,533.00
223.85 · MISC DEDUCTIONS PAYABLE		5,512.14
223.90 · COMPENSATED EMPLOYEE BENEFITS		54,922.20
24000 · Payroll Liabilities		104.24
226 · USDA Int Pymnt-Swr Clarifier	0.00	
225 · USDA Payment - Sewer Clarifier	0.00	
281 · BOND PAYABLE	0.00	
302 · RETAINED EARNINGS		5,956,568.19
304 · Opening Balance Equity	584,283.24	
306 · Retained Earnings - OLD		12,858,812.88
Income:410 · Client Reg Pmt		1,486,486.82
Income:420 · Connection Fees		10,396.00
Income:425 · CRP		470,626.97
Income:425 · CRP:425.2 · Sewer	34.84	
Income:425 · CRP:425.1 · Water	15.41	
Income:430 · Penalty & Interest		26,688.54
Income:435 · Loans/Grants:435-7 · Water Master Plan:435-7.3 · WTP, ...		1,918.62
Income:440 · Misc Revenue		57,281.44
Income:450 · Other - Non S/W Rev		24,180.47
Loans/Grants:925 · PC Escrow Acct	49,997.50	

Clearlake Oaks County Water District Trial Balance As of February 28, 2021

	Feb 28, 21	
	Debit	Credit
Salaries & EE Benefits:545 · CALPers 457		600.00
Salaries & EE Benefits:505 · Salaries & Wages	686,835.71	
Salaries & EE Benefits:520 · FICA - District Share	50,786.00	
Salaries & EE Benefits:530 · Medical Ins - Dist Share	153,640.51	
Salaries & EE Benefits:540 · PERS - District Share	85,251.46	
Salaries & EE Benefits:550 · Unemployment	11,549.88	
Salaries & EE Benefits:560 · Workers Comp Ins	22,947.26	
Services & Supplies:610 · Bank Fees	13,993.46	
Services & Supplies:620 · Communications & Internet	19,376.10	
Services & Supplies:630 · Equip - Office	768.81	
Services & Supplies:640 · Fuel & Oil	20,014.32	
Services & Supplies:645 · Insurance	67,747.11	
Services & Supplies:650 · Interest	34,107.86	
Services & Supplies:657 · Lab	24,571.87	
Services & Supplies:660 · Memberships & Subscription	54,086.75	
Services & Supplies:665 · Mileage Reimb	118.10	
Services & Supplies:670 · Postage & Shipping	8,253.90	
Services & Supplies:675 · Professional Services	26,669.89	
Services & Supplies:685 · Rents	18,482.83	
Services & Supplies:690 · Safety & Security	14,103.68	
Services & Supplies:700 · Tools & Instruments	2,729.92	
Services & Supplies:703 · Supplies - Clothing & Personal	6,366.18	
Services & Supplies:705 · Supplies - Office	6,107.23	
Services & Supplies:715 · Supplies-Chemicals-Operating	60,748.75	
Services & Supplies:720 · Supplies - Inventory - Other	4,274.73	
Services & Supplies:735 · Training/Classes/Certs/ClassB	2,781.28	
Services & Supplies:750 · Utilities	170,399.17	
Services & Supplies:760 · Waste Disposal	26,237.48	
Services & Supplies:795 · Yolo Co	35,482.44	
Services & Supplies:799 · Misc:799.1 · Customer Refund - Acct closed	2,373.76	
Repairs & Replacement:810 · R&R Buildings & Grounds	5,097.62	
Repairs & Replacement:820 · R&R Lift Stations	1,560.25	
Repairs & Replacement:830 · R&R Equipment	65,949.01	
Repairs & Replacement:832 · R&R Mains and Sewer Lines	22,398.78	
Repairs & Replacement:840 · R&R Vehicles	21,317.90	
66000 · Payroll Expenses	166.97	
COVID-19 Expense Account	1,293.60	
TOTAL	31,982,197.82	31,982,197.82

11:37 AM

02/12/21

Clearlake Oaks County Water District
A/P Aging Summary
All Transactions

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
Alpha Analytical Labs	130.00	0.00	0.00	0.00	0.00	130.00
California State Disbursement Unit	456.34	0.00	0.00	0.00	0.00	456.34
Coastal Mountain Electric	2,135.00	0.00	0.00	0.00	0.00	2,135.00
Delton Gillman	114.62	0.00	0.00	0.00	0.00	114.62
High Country Security	342.00	0.00	0.00	0.00	0.00	342.00
Kelseyville Lumber	94.31	0.00	0.00	0.00	0.00	94.31
Lake County Waste Solutions	703.34	0.00	0.00	0.00	0.00	703.34
MC Engineering, Inc	26,678.08	0.00	0.00	0.00	0.00	26,678.08
Mendo Mill	875.86	0.00	0.00	0.00	0.00	875.86
People Services Inc	125.00	0.00	0.00	0.00	0.00	125.00
PETTY CASH - Bailey Anderson	0.00	38.78	0.00	0.00	0.00	38.78
PNP CPA	500.00	0.00	0.00	0.00	0.00	500.00
Redwood Coast Fuels	895.41	0.00	0.00	0.00	0.00	895.41
Tri-Cities Answering Service	145.80	0.00	0.00	0.00	0.00	145.80
Yolo County Flood Control	0.00	4,090.70	0.00	0.00	0.00	4,090.70
TOTAL	33,195.76	4,129.48	0.00	0.00	0.00	37,325.24

Account Payable Breakdown

Date: 2/12/2021

	<u>QuickBooks</u>	<u>WAB Balance</u>	<u>WAB Available</u>
General Ledger - 9122	\$315,196.15	\$320,944.98	\$331,935.13
CRP Water - 6990	\$89,326.41	\$89,326.41	\$89,326.41
CRP Sewer - 3745	\$35,631.04	\$35,631.04	\$35,631.04
CRP PC - 6192	\$8,139.55	\$8,139.55	\$8,139.55
PC Escrow	\$132,707.32	\$132,707.32	\$132,702.32
Water Reserve - 8503	\$237,700.00	\$237,700.00	\$237,700.00
Sewer Reserve - 9592	\$20,000.00	\$20,000.00	\$20,000.00
LAIF Balance	\$1,059,428.81	\$1,059,428.79	\$0.02 Laif dropped (.02)
Current A/P Aging	\$37,325.24		
Kansas State Bank-VacCon	\$7,421.47	EFT - 2/16/2021	
ACWA - Health Ins	\$25,043.14		
Credit Card	\$10,869.73		
TOTAL	\$80,659.58		

**CLEARLAKE OAKS COUNTY WATER DISTRICT
MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS**
Clearlake Oaks County Water District Administration Building
12952 E. Hwy. 20 Clearlake Oaks, CA 95423 (707) 998-3322

**PUBLIC HEARING REGARDING ORDINANCE NO. 84 AN
ORDINANCE OF THE BOARD OF DIRECTORS OF
CLEARLAKE OAKS COUNTY WATER DISTRICT
REGARDING ITS SEWER CODE**

JANUARY 21, 2021

This meeting will be conducted by Roberts Rule of Order.

Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the above address.

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits of three minutes.

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Clearlake Oaks County Water District Secretary to the Board at 707-998-3322. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

AGENDA

Call to Order – 2:00 p.m.

Pledge of Allegiance

Roll Call

√ Mrs. Margaret Medeiros, President √ Mr. Stanley Archacki, Vice President
√ Mr. Samuel Boucher, Director √ Mr. Michael Herman, Director √ Mr. James Burton, Director
√ Mrs. Dianna Mann – General Manager √ Mrs. Olivia Mann – Board Secretary

In the audience, our Chief Operators

√ Mr. Francisco Castro, Wastewater √ Mr. Kurt Jensen, Water √ Mr. Jeremy Backus, Distribution

Public comment on non-agenda items

This is the opportunity for the public to comment on non-agenda items within the Board's jurisdiction. Comments are limited to three (3) minutes

Consent Items

The Board will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Director, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

1. **Staff Written Operational Reports**
 - a. Customer Service
 - b. Chief Distribution Operator
 - c. Water Plant Chief Operator
 - d. Wastewater Plant Chief Operator
 - e. General Manager

2. Financial Reports for review and approval

- a. December 2020, QB balance sheet and profit & loss statements
- b. Bank account balances and accounts receivable
- c. Employee payroll report
- d. Aged trial balance summary
- e. Vendor aging report, accounts payable breakdown

3. Minutes of previous meeting for review and approval

- a. Minutes of Regular Meeting 12/17/2020

4. Bills

- a. MC Engineering invoice number 2029 dated 01/05/2021, in the amount of \$18,146.38 for the USDA Water Projects

Action Taken: Motion to approve consent items

HERMAN/ARCHACKI M/S/C

AYES: MEDEIROS/ARCHACKI/BOUCHER/HERMAN/BURTON

NOES: NONE

ABSENT: NONE

5. Agenda (New Business)

- a. Discussion of the Board going paperless in regards to the monthly board packet

Action Taken: Motion to choose whether you would like your board packet printed monthly or to review online

BOUCHER/BURTON M/S/C

AYES: MEDEIROS/ARCHACKI/BOUCHER/HERMAN/BURTON

NOES: NONE

ABSENT: NONE

- b. Discussion and consideration of borrowing from LAIF in lieu of a line of credit to cover meter and backflow costs. The District will buy directly from supplier saving money on contractor markup

Action Taken: Motion to approve borrowing from LAIF in lieu of a line of credit to cover meter and backflow costs

ARCHACKI/BOUCHER M/S/C

AYES: MEDEIROS/ARCHACKI/BOUCHER/HERMAN/BURTON

NOES: NONE

ABSENT: NONE

- c. Discussion and consideration of accepting bid from Coastal Mountain Electric for the installation of underground electrical from new PG&E pole to LS 10 in the amount of \$14,729.00

Action Taken: Motion to accept bid from Coastal Mountain Electric for the installation of underground electrical from new PG&E pole to LS 10 in the amount of \$14,729.00 plus the cost of the manual disconnect.

BOUCHER/HERMAN M/S/C

AYES: MEDEIROS/ARCHACKI/BOUCHER/HERMAN/BURTON

NOES: NONE

ABSENT: NONE

- d. Discussion and consideration of Resolution 21-01, approving the extension of Families First Coronavirus Response Act (FFRCA) through March 31, 2021

Action Taken: Motion to approve Resolution 21-01, approving the extension of Families First Coronavirus Response Act (FFRCA) through March 31, 2021

BURTON/ARCHACKI M/S/C

AYES: MEDEIROS/ARCHACKI/BOUCHER/HERMAN/BURTON

NOES: NONE

ABSENT: NONE

- e. Discussion and consideration of Resolution 21-02 adopting the Clearlake Oaks County Water District 'Sewer' Code

Action Taken: Motion to approve Resolution 21-02, adopting the Clearlake Oaks County Water District 'Sewer' Code

BOUCHER/BURTON M/S/C

AYES: MEDEIROS/ARCHACKI/BOUCHER/HERMAN/BURTON

NOES: NONE

ABSENT: NONE

- f. First reading of Ordinance 84 regarding the Clearlake Oaks County Water District 'Sewer' Code

Action Taken: NO ACTION

- g. Discussion and approval of Audit for year ending June 30, 2020

Action Taken: Motion to approve the audit year ending June 30, 2020 with correct to the date from 2018-2020 in the heading

ARCHACKI/BOUCHER M/S/C

AYES: MEDEIROS/ARCHACKI/BOUCHER/HERMAN/BURTON

NOES: NONE

- h. Discussion and consideration of authorizing Director Herman and Director Burton as check signers for West America Bank

Action Taken: Motion to authorize Director Herman and Director Burton as check signers for West America Bank

ARCHACKI/BOUCHER M/S/C

AYES: MEDEIROS/ARCHACKI/BOUCHER/HERMAN/BURTON

NOES: NONE

Adjournment

Time: 3:05 p.m.

**SIGNED: _____
Margaret Medeiros, President**

**ATTESTED TO: _____
Olivia Mann, Board Secretary**

**CLEARLAKE OAKS COUNTY WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
MINUTES**

Clearlake Oaks County Water District Administration Building
12952 E. Hwy. 20 Clearlake Oaks, CA 95423 (707) 998-3322

January 21, 2021

This meeting will be conducted by Roberts Rule of Order.

Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the above address.

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Public comment on non-agenda items

This is the opportunity for the public to comment on non-agenda items within the Board's jurisdiction. Comments are limited to three (3) minutes

AGENDA

Call to Order – 1:30 PM

Pledge of Allegiance

Roll Call

√ Mrs. Margaret Medeiros, President √ Mr. Stanley Archacki, Vice President √ Mr. Samuel Boucher, Director,
√ Mr. Michael Herman, Director √ Mr. James Burton, Director

√ Mrs. Dianna Mann– General Manager √ Mrs. Olivia Mann - Secretary to the Board

New Business

- a. Discussion and consideration of closing the lobby to the public due to the rise in the COVID-19 cases in Lake County

Action Taken: It is the consensus of the Board to continue business as usual and remain open to the public

Adjournment

Time: 1:43 PM

SIGNED: _____
Margaret Medeiros, President

ATTESTED TO: _____
Olivia Mann, Board Secretary



MC Engineering, Inc.

9294 Madison Ave
Orangevale, CA 95662

Invoice

Date	Invoice #
2/5/2021	2036

Bill To

Clearlake Oaks Water District
12545 Highway 20
Clearlake Oaks, CA 95423

P.O. No.	Terms	Due Date	Project	
	Net 30	3/7/2021	USDA Meters and Water Tank PER	
Description	Qty	Rate	Amount	
Project Manager, Mark Carey, PE	30.5	165.00	5,032.50	
Operations Management Engineer, John Pedri, PE	37.5	160.00	6,000.00	
Assistant Engineering Tech, Julia Carey	4	75.00	300.00	
Assistant Engineer, Jared P. Nelson	30	130.00	3,900.00	
Project Engineer 2, Richard Relyea	38	130.00	4,940.00	
Assistant Engineer, Jose Diaz-Mendez	8	105.00	840.00	
Administrative Support	2	65.00	130.00	
RGH Consultants Inv 0720121	1.13	338.75	382.79 ✓	
OV Copy Inv 36426		5.39	5.39 ✓	
EDEA Inv 1102	1.13	3,980.00	4,497.40 ✓	
		Total	\$26,028.08	
		Payments/Credits	\$0.00	
		Balance Due	\$26,028.08	

138- 4/G- USDA water project
MC

Phone #	Fax #	E-mail
916-546-7898	916-860-1863	markacarey@msn.com

AA

CLEARLAKE OAKS COUNTY WATER DISTRICT

**P.O. Box 709, 12952 E. HWY. 20
CLEARLAKE OAKS, CA 95423
(707) 998-3322**

RESOLUTION NO. 21-03

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF CLEARLAKE OAKS COUNTY WATER DISTRICT
AMENDING A SEWER CODE**

WHEREAS, Clearlake Oaks County Water District is organized and existing pursuant to the County Water District Law, California Water Code section 30000, *et seq.* (the "Act");

WHEREAS, the District is authorized by the Act to set rates and establish rules and regulations for the provision of sewer service to District customers;

WHEREAS, the District desires has established a Sewer Code that contains the rates, rules, and regulations related to the receipt of water service from the District;

WHEREAS, the Board of Directors desires to make certain changes to the Sewer Code as set forth below

NOW, THEREFORE, BE IT RESOLVED:

1. The amendments to the Sewer Code specified in Exhibit 1, attached hereto and incorporated herein by reference, are hereby approved.
2. These amendment to the Sewer Code shall be effective as of February 18, 2021.

THE ABOVE RESOLUTION is hereby passed and adopted by the Board of Directors of the Clearlake Oaks County Water District at a regular meeting thereof held on the 18th day of February 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CLEARLAKE OAKS COUNTY WATER DISTRICT

By: _____
Margaret Medeiros, President

Attest: _____
Olivia Mann, Board Secretary

EXHIBIT 1

Amendments (noted in red) to the Sewer Code as approved on February 18, 2021

1. Section 3-7.101, is amended to read: “The Clearlake Oaks County Water District wastewater system was designed for the treatment and disposal of sanitary wastewater.”

2. Section 3-7.102,

No person shall discharge wastewater into the wastewater system which may result in contamination, pollution, or a nuisance.

(e) Interference with, or overloading of, or otherwise affecting treatment or disposal processes

(g) The discharge of uncontaminated ground water or storm water runoff

Chapter 7 – NUISANCES-PROHIBITIONS

3-7.101 GENERAL

The Clearlake Oaks County Water District wastewater system was designed for the treatment and disposal of sanitary wastewater. Wastewater may be discharged for interception, treatment, and disposal by the District provided that such wastewater does not contain substances prohibited as set forth in the section.

No person shall discharge the following: adult diapers, infant diapers, cat litter, clothing, coffee grounds, cotton balls, eggshells, feminine products, hair, medication, needles, paper towels, plastic products, Q-Tips, rubber products, towels, rags, wipes, fats, oils, greases, or anything similar or equal too.

Discharges must not interfere with the collection or treatment of sanitary waste, including but not limited to: identified or potential hazardous waste, petroleum oil products, and substances with pH lower than the hazardous waste limit.

3-7.102 PROHIBITED DISCHARGES

No person shall discharge wastewater into the wastewater system which may result in contamination, pollution, or a nuisance.

No person shall discharge wastewater into the sewer if it contains substances or has characteristics which, either alone or by interaction with other wastewaters, cause or threaten to cause:

- (a) Damage to District facilities
- (b) Interference with or impairment of the operation or maintenance of District facilities
- (c) Obstruction of flow in sewers or interceptors
- (d) Danger to life or safety of any person
- (e) Interference with, or overloading of, or otherwise affecting treatment or disposal processes
- (f) Flammable or explosive conditions at or near District facilities
- (g) The discharge of uncontaminated ground water or storm water runoff

CLEARLAKE OAKS COUNTY WATERDISTRICT

P.O. Box 709, 12952 E. HWY. 20

CLEARLAKE OAKS, CA 95423

(707) 998-3322

RESOLUTION NO. 21-04

**BY THE BOARD OF DIRECTORS
OF THE CLEARLAKE OAKS COUNTY WATER DISTRICT**

**Approval for the Requested Additional USDA Rural Development
Grant Funding and CLOCWD Local Share Participation for the
Clearlake Oaks County Water District Water System Improvement
Project Including Proposed and Necessary Revision(s) to the
Approved Letter of Conditions Project Budget**

WHEREAS, the Clearlake Oaks County Water District (District) is required and has a fiduciary responsibility to provide sufficient potable water and sanitary sewer service(s) to the residents of the District, and

WHEREAS, the system is unable to meet mandatory requirements and standards, and portions of the current system are deficient, dilapidated and have performed beyond their useful life, and

WHEREAS, the District has continued to pursue funding to assist with the rehabilitation of the water/sewer system to repair the deficiencies and meet health and safety requirements, and

WHEREAS, in 2016, MC Engineering completed a Water Master Plan that included system-wide water modeling, an updated project improvement(s) list with costs for various system-wide components including water storage, distribution, and water treatment facilities, and

WHEREAS, on April 12, 2019, the District approved an Engineering Consultant Services Agreement with MC Engineering in amount of \$203,770 for preparation of a PER, along with design of certain facilities, and preparation and submittal of a design/construction grant and loan application to the USDA Rural Development, and

WHEREAS, on February 20, 2020 and May 21, 2020, the CLOCWD approved Amendment No. 1 (Res. 20-02) and Amendment No. 2 (Res. 20-08), respectively, for the Engineering Consultant Services Agreement, totaling \$1,238,396, which includes design, construction management, and administrative services for an expanded list of additional water facilities added to the original project scope, and

WHEREAS, in May 2020, the USDA Rural Development approved the CLOCWD Grant/Loan Application for funding and prepared a Letter of Conditions (LOC) for the planning, design, and construction of the Water System Improvement Project (Project), which includes a \$1,987,128 grant and a matching loan in the amount not to exceed \$5,000,000, for a total project cost of \$6,987,128, and

WHEREAS, on May 21, 2020 the CLOCWD Board approved the LOC (Form 1942-46), Loan/Grant Agreement (Form 1780-12), and Request for Obligation of Funds (Form 1940-1) for the Project, which includes a \$1,987,128 grant and a matching loan not to exceed \$5,000,000, and

WHEREAS, approved conditions within the LOC requires that both a Debt Reserve Funds (10% of \$166,500 loan/annually for 10 years) along with a short-term annual asset reserve of \$47,017 be established and maintained, and

WHEREAS, the proposed loan has an interest rate of 1.375% with a 40-year term, which has a calculated yearly debt service amount of \$ 166,500, and

WHEREAS, the applicant is responsible for providing loan security through the preparation of bond documents and issuance of Certificates of Participation which requires the services and opinion of a recognized bond counsel experienced in California municipal financing, and

WHEREAS, on January 22, 2021, bids were opened at the CLOCWD Offices, with the apparent low bidder being T & S Construction, Inc. of Sacramento California, with the base bid amount of \$6,654,760, which includes all Deductive Alternates D-1, D-2, and D-3 and

WHEREAS, the CLOCWD wishes to include Deductive Alternatives D-2, D-3, and A-1 (Credit), in the amounts of \$149,565, \$300,000 and (-\$ 200,000), respectively, which decreases the total projected Bid Award to be \$6,034,124, and

WHEREAS, with the projected Bid Award amount along with revisions to other Line Items, as found within the approved LOC Project Budget total of \$6,987,128, the overall project costs are increased by \$1,295,302 for a new Project Total Cost of \$8,282,430, and

WHEREAS, the CLOCWD is requesting from the USDA a supplemental grant in the amount of \$1,105,302 and is agreeing to provide a matching local share of \$190,000, for a total project increase of \$1,295,302, and

FURTHER BE IT RESOLVED AND ORDERED by the Board of Directors of the Clearlake Oaks County Water District that the General Manager is hereby authorized to execute the required USDA documents, including the Letter of Intent to Meet Conditions (Revisions), related engineering services agreements modifications as previously presented within Amendment No. 2 and other documents as required to receive additional USDA Rural Development Grant Funding.

THE ABOVE RESOLUTION is hereby passed and adopted by the Board of Directors of the Clearlake Oaks County Water District at a regular meeting thereof held on the 18th day of February 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CLEARLAKE OAKS COUNTY WATER DISTRICT

By: _____
Margaret Medeiros, Board President

Attest: _____
Olivia Mann, Board Secretary

CLEARLAKE OAKS COUNTY WATER DISTRICT

P.O. Box 709, 12952 E. HWY. 20
CLEARLAKE OAKS, CA 95423
(707) 998-3322

RESOLUTION NO. 21-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEARLAKE OAKS COUNTY WATER DISTRICT APPROVING AND ADOPTING USDA RUS BULLETIN 1780-27 LOAN RESOLUTION PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING AND/OR EXTENDING THE WATER SYSTEM IMPROVEMENT PROJECT

WHEREAS, the Board of Directors (the "Board") of the Clearlake Oaks County Water District (the "District"), working together with the California Municipal Public Financing Authority, a nonprofit entity duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), have agreed to enter into certain contractual relations for the purpose, among other things, of providing financing for public capital improvements of the District; and

WHEREAS, the United States Department of Agriculture (USDA) Rural Development has issued a Letter of Conditions to fund the District's 2021 Water System Improvement Project (the "Project"), that includes a not-to-exceed \$5,000,000 loan component; and

WHEREAS, as part of the Letter of Conditions, the USDA requires that the Board adopt a RUS Bulletin 1780-27 Loan Resolution Authorizing and Providing for the Incurrence of Indebtedness for the Purpose of Providing for a portion of the Cost of Acquiring, Constructing, Enlarging, Improving and/or Extending the Clearlake Oaks County Water District 2021 Water System Improvement Project (the "USDA Loan Resolution No. 1780-27"); and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Clearlake Oaks County Water District hereby orders and determines as follows:

Section 1. Recitals and Findings. The Board hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above and in the preambles of the USDA Loan Resolution No. 1780-27 approved herein are true and correct.

Section 2. Authorized Representatives. The President, General Manager and Secretary or Acting Secretary, and any other person authorized by the Board to act on behalf of the District shall each be an "Authorized Representative" of the District for the purposes of USDA Loan Resolution No. 1780-27, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the District has approved in this Resolution and USDA Loan Resolution No. 1780-27.

Section 3. Approval and Adoption of USDA Loan Resolution No. 1780-27. The Board hereby approves and adopts USDA Loan Resolution No. 1780-27, attached hereto and made a part hereof, on behalf of the Clearlake Oaks County Water District.

Section 4. Official Actions. Each Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution and USDA Loan Resolution No. 1780-27.

Section 5. Effective Date. This Resolution and USDA Loan Resolution No. 1780-27 shall take effect from and after the date of their passage and adoption.

THE ABOVE RESOLUTION is hereby passed and adopted by the Board of Directors of the Clearlake Oaks County Water District at a regular meeting thereof held on the 18th day of February 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CLEARLAKE OAKS COUNTY WATER DISTRICT

By: _____
Margaret Medeiros, Board President

Attest: _____
Olivia Mann, Board Secretary

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Directors
OF THE Clearlake Oaks County Water District
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Clearlake Oaks County Water District
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
Five Million Dollars & 00/100

pursuant to the provisions of laws of the State of California; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture,
(herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921
et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event
that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ _____

under the terms offered by the Government; that the General Manager

and President of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas _____ Nays _____ Absent _____

IN WITNESS WHEREOF, the Board of Directors of the

Clearlake Oaks County Water District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this _____ day of _____

(SEAL)

By Dianna Mann

Attest:

Title General Manager

Title _____

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the _____
hereby certify that the _____ of such Association is composed of
_____ members, of whom , _____ constituting a quorum, were present at a meeting thereof duly called and
held on the _____ day of _____ ; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of _____
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this _____ day of _____

Title _____

5X

CLEARLAKE OAKS COUNTY WATERDISTRICT

**P.O. Box 709, 12952 E. HWY. 20
CLEARLAKE OAKS, CA 95423
(707) 998-3322**

RESOLUTION NO. 21-06

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEARLAKE
OAKS COUNTY WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT
TO EXCEED \$5,000,000 PRINCIPAL AMOUNT OF SERIES 2021
CERTIFICATES OF PARTICIPATION, APPROVING AND AUTHORIZING
AND DIRECTING EXECUTION OF A TRUST AGREEMENT, INSTALLMENT
SALE AGREEMENT, ASSIGNMENT AGREEMENT, AND PURCHASE OFFER,
AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO**

WHEREAS, the Clearlake Oaks County Water District (the "District"), working together with the California Municipal Public Financing Authority, a nonprofit entity duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), have agreed to enter into certain contractual relations for the purpose, among other things, of providing financing for public capital improvements of the District; and

WHEREAS, for the purpose of providing financing for the proposed new water facilities (the "Facilities"), all as more particularly described in Exhibit A to the hereinafter approved Installment Sale Agreement (the "Project"), the District is hereby requesting the Authority to assist in the issuance of Series 2021 Certificates of Participation, in the aggregate principal amount of not to exceed \$5,000,000 (the "COPs"), all pursuant to and secured by an Trust Agreement (the "Trust Agreement"), dated as of March 1, 2021, by and among the District, the Authority and the General Manager, as trust administrator (the "Trustee Administrator"); and

WHEREAS, the District proposes to purchase the Project from the Authority pursuant to a certain Installment Sale Agreement (the "Installment Sale Agreement"), dated as of March 1, 2021, by and between the Authority and the District, whereby the District will make prescribed installment payments (the "Installment Payments") from the water enterprise fund, commensurate with the debt service scheduled for the repayment of the COPs; and

WHEREAS, to further implement the foregoing, the Authority and the Trustee Administrator propose to execute and enter into an Assignment Agreement (the "Assignment Agreement"), dated as of March 1, 2021, whereby the Authority will assign to the Trustee Administrator all of its rights and entitlements under the Installment Sale Agreement, including but not limited to the entitlement to receive the Installment Payments from the District; and

WHEREAS, the District and Authority propose to sell the COPs to the United States of America, Acting Through Rural Utility Service, United States Department of Agriculture, California (hereafter referred to as "USDA"), pursuant to USDA's Purchase Offer (the "Purchase Offer"), all on the terms and conditions herein set forth and as provided in the Trust Agreement and Installment Sale Agreement, so long as the aggregate principal amount of the COPs does not exceed \$5,000,000, and the average interest rate does not exceed two percent (2%) per annum; and

WHEREAS, the Board desires to designate the COPs as a “Qualified Tax-Exempt Obligation;” for purposes of Paragraph (3) of Section 265(b) of the Code and

WHEREAS, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the Board obtain and disclose, in a meeting open to the public, prior to authorization of the COPs, good faith estimates of: (a) the true interest cost of the COPs, (b) the finance charge of the COPs, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the COPs received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the COPs and (d) the sum total of all debt service payments on the COPs calculated to the final maturity of the COPs plus the fees and charges paid to third parties not paid with the proceeds of the COPs; and

WHEREAS, in accordance with Section 5852.1, the Board has obtained such good faith estimates, and such estimates are disclosed in Section 6 hereof; and

WHEREAS, the District, with the aid of its staff, has reviewed the Trust Agreement, the Installment Sale Agreement, the Assignment Agreement and the Purchase Offer, the forms of which are on file with the District Secretary, and the Board wishes at this time to approve the foregoing in the public interests of the District; 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 such financing 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 Project in the manner and upon the terms herein provided; and

WHEREAS, the Board wishes at this time to authorize all proceedings relating to the Project and the issuance of the COPs and the execution and delivery of all agreements and documents relating thereto; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Clearlake Oaks County Water District hereby orders and determines as follows:

Section 1. Recitals and Findings. The Board hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above and in the preambles of the documents approved herein are true and correct and that the financing of the Project will result in significant public benefits for the residents of the District. The Board hereby further finds and determines that the total installment payments to be paid under the Installment Sale Agreement does not exceed the fair market value of the Project as set forth in the Installment Sale Agreement.

Section 2. Authorized Representatives. The President, General Manager, Secretary, and any other person authorized by the Board to act on behalf of the District shall each be an “Authorized Representative” of the District for the purposes of structuring and providing for the issuance of the COPs, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the sale of the COPs (including the investment of proceeds of the COPs), and to do any and all things and take any and all actions

which may be necessary or advisable, in their discretion, to effectuate the actions which the District has approved in this Resolution.

Section 3. Approval of the Issuance of the COPs; Significant Public Benefits. The Board hereby approves the issuance of the COPs by the District in a principal amount of not to exceed \$5,000,000, all as above described. The Board hereby finds and determines that the issuance and sale of the COPs by the District to USDA will result in savings in effective interest rates, underwriting costs and issuance costs and thereby result in significant public benefits to the District.

Section 4. Appointment of Trustee Administrator. The General Manager is hereby appointed to act as Trustee Administrator under the Trust Agreement unless and until replaced in accordance with the provisions of the Trust Agreement.

Section 5. Approval of Installment Sale Agreement. The Board hereby authorizes and approves the purchase of the Project by the District pursuant to the Installment Sale Agreement. The Board hereby approves the Installment Sale Agreement in substantially the form on file with the District Secretary together with any additions thereto or changes therein (including, but not limited to, the final amount of the sale price for the Project and the final debt service payment schedule) deemed necessary or advisable by an Authorized Representative of the District, upon the advice of the District's Bond Counsel. Any Authorized Representative of the District is hereby authorized and directed to execute, and the District Secretary is hereby authorized and directed to attest and affix the seal of the District to, the final form of the Installment Sale Agreement for and in the name and on behalf of the District and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Installment Sale Agreement.

Section 6. Approval of Trust Agreement. The Board hereby approves the Trust Agreement in substantially the form on file with the District Secretary and consents to such revisions, amendments and completions as shall be approved by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute, and the District Secretary is hereby authorized and directed to attest and affix the seal of the District to, the final form of the Trust Agreement for and in the name and on behalf of the District and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Trust Agreement.

Section 7. Approval of Assignment Agreement. The form of the Assignment Agreement presented to this meeting and on file with the District Secretary, is hereby approved. The General Manger, as Trust Administrator, is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver to the Authority the Assignment Agreement in substantially said form, with such changes therein as the Trust Administrator may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Trust Administrator. The Board hereby authorizes the delivery and performance of the Assignment Agreement.

Section 8. Sale of COPs. The form of the Purchase Offer made by USDA, in substantially the form presented at this meeting and on file with the District Secretary, is hereby ratified and approved, and each of the Authorized Representatives are each hereby authorized and directed to indicate the District's acceptance of such offer by the execution thereof, with such changes, insertions, and omissions as may be approved by such

official, so long as the aggregate principal amount of the COPs does not exceed \$5,000,000, and the interest rate does not exceed two percent.

Section 9. Good Faith Estimates. Set forth below are good faith estimates of the District's financial advisor, as required under Section 5852.1 of the California Government Code (the "Code") for the COPs. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

- (a) The true interest cost of the COPs is estimated at 1.250%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the COPs, including all fees and charges paid to third parties, is estimated at \$49,150.00.
- (c) Proceeds of the COPs received by the District of \$1,940,468.00 (estimated) less the finance charge set forth in (b) above, is equal to \$4,950,850.00.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$6,364,740.00.

The foregoing are estimates and the final costs will depend on market conditions at the time of closing, and can be expected to vary from the estimated amounts set forth above.

Section 10. Full Compliance. The Board hereby finds and determines that it has taken all of the foregoing actions, and made all of the foregoing findings, in full compliance with the law, and that all prior proceedings taken with respect to the Refunding and issuance of COPs were duly considered, and are hereby considered valid and in conformity with the requirements of law.

Section 11. Qualified Tax-Exempt Obligation. The Board hereby designates the Installment Sale Agreement and the COPs for purposes of Paragraph (3) of Section 265(b) of the Code as a "Qualified Tax-Exempt Obligation" and covenants that the Installment Sale Agreement and the COPs do not constitute a private activity bond as defined in Section 141 of the Code and that the aggregate face amount of all tax-exempt obligations issued by the District (including all subordinate entities of the District and all entities which may issue obligations on behalf of the District) during the calendar year 2021 is not reasonably expected to exceed \$10,000,000, excluding, however, private activity bonds, as defined in Section 141 of the Code (other than qualified 501(c)(3) bonds as defined in Section 145 of the Code) and current refunding obligations having a principal amount not in excess of the refunded obligation.

Section 12. Official Actions. Each Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution.

Section 13. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

THE ABOVE RESOLUTION is hereby passed and adopted by the Board of Directors of the Clearlake Oaks County Water District at a regular meeting thereof held on the 18th day of February 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CLEARLAKE OAKS COUNTY WATER DISTRICT

By: _____
Margaret Medeiros, Board President

Attest: _____
Olivia Mann, Board Secretary

TRUST AGREEMENT

by and among the

CLEARLAKE OAKS COUNTY WATER DISTRICT

and the

CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY

and the

**GENERAL MANAGER
OF THE CLEARLAKE OAKS COUNTY WATER DISTRICT,
as Trust Administrator**

Dated as of March 1, 2021

Relating to

**\$5,000,000
CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY
(Clearlake Oaks County Water District)
SERIES 2021 WATER REVENUE CERTIFICATE OF PARTICIPATION
(Water System Improvement Project)
BANK QUALIFIED**

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04

TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of March 1, 2021, is by and among the CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), the CLEARLAKE OAKS COUNTY WATER DISTRICT, a county water district, duly organized and validly existing under the laws of the State of California (the "District"), and THE GENERAL MANAGER OF THE CLEARLAKE OAKS COUNTY WATER DISTRICT, as Trust Administrator (the "Trust Administrator");

WITNESSETH:

WHEREAS, the District and the Authority propose to undertake the acquisition and financing of certain capital improvements described herein (the "Project") to the District's municipal Water system (interchangeably, the "Enterprise," "Water Enterprise" or "Water System"); and

WHEREAS, to help finance the Project, the District has agreed to purchase the Project from the Authority pursuant to, and in accordance with the terms set forth in an Installment Sale Agreement, dated as of March 1, 2021, by and between the District and the Authority (the "Installment Sale Agreement"); and

WHEREAS, concurrently with the execution of this Trust Agreement, it is contemplated that the Trust Administrator will authenticate and deliver the California Municipal Public Financing Authority, Series 2021 Water Revenue Certificate of Participation (Water System Improvement Project), Bank Qualified, in the aggregate principal amount of \$5,000,000 (the "Certificates"), evidencing a direct, undivided fractional interest in certain Installment Payments to be made by the District, pursuant to the terms and conditions of the Installment Sale Agreement (the "Installment Payments"); and

WHEREAS, all rights to receive the Installment Payments have been assigned without recourse by the Authority to the Trust Administrator, for the benefit of the Owners of the Certificates, pursuant to an Assignment Agreement, dated as of March 1, 2021, by and between the District and the Authority (the "Assignment Agreement"); and

WHEREAS, in consideration of such assignment, concurrently with the execution of this Trust Agreement, the Trust Administrator will authenticate and deliver the Certificates to the United States of America, acting through Rural Utilities Service, United States Department of Agriculture (interchangeably, the "USDA" or "Government"), as the initial purchasers thereof, each evidencing a direct, fractional undivided interest in the Installment Payments; and

WHEREAS, the District and Authority after due investigation and deliberation have each adopted respective resolutions authorizing the financing of the Project through the execution and delivery of the Certificates; 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 Trust Agreement 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 Trust Agreement; and

WHEREAS, the District has determined that all acts and proceedings required by law necessary to make the Certificates, when executed, authenticated and delivered by the Trust Administrator and duly issued, the valid, binding and legal special obligations of the District, and to constitute this Trust Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement have been in all respects duly authorized; and

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS; AUTHORIZATION; EXHIBITS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Trust Agreement and of any trust agreement supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. In addition, all terms defined in the Installment Sale Agreement and not otherwise defined herein shall have the respective meanings specified in the Installment Sale Agreement.

“Additional Revenues” means, with respect to the issuance of any Parity Debt, an allowance for Net Revenues (i) arising from any increase in the charges made for service from the Water System, adopted prior to the incurring of such Parity Debt and effective within eighteen (18) months following the date of incurring such Parity Debt, in an amount equal to the total amount by which the Net Revenues for the Water System would have been increased if such increase in charges had been in effect during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the District, and (ii) arising from any increase in service connections to the Water System, prior to the incurring of such Parity Debt, in an amount equal to the total amount by which the Net Revenues for the Water System would have been increased if such connections had been in existence during the whole of the most recent complete Fiscal Year or during any more recent twelve (12) month period selected by the District, all as shown by the certificate or opinion of an Independent Financial Consultant.

“Assignment Agreement” means the Assignment Agreement, dated as of March 1, 2021, by and between the Authority and the Trust Administrator, together with any amendments or supplements thereto.

“Authority” means the California Municipal Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

“Authority Board” means the Board of Directors of the Authority.

“Authority Representative” means the Chair, Vice-Chair, Manager, Treasurer or Secretary of the Authority, or any other person authorized by resolution of the Board of the Authority to act on behalf of the Authority under or with respect to this Trust Agreement.

“Board” means the Board of Directors as the legislative body of the District.

“Bond Counsel” means (a) The Weist Law Firm, and (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to municipal obligations, the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code.

“Certificates” means the \$5,000,000 Series 2021 Water Revenue Certificate of Participation (Water System Improvement Project), Bank Qualified, dated the Closing Date, executed and delivered pursuant to this Trust Agreement.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which the District offices are authorized or obligated by law or executive order to be closed.

“Certificate Maturity Date” means March 1, 2061, which is the date on which the final principal component of the Installment Payments evidenced and represented thereby shall become due and payable.

“Certificate Register” means the Certificate Register relating to the Certificates maintained by the Trust Administrator in accordance with Section 2.11 of this Trust Agreement.

“Closing Date” means the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of all or the first advance of a portion of the purchase price of the Certificates by the Original Purchaser.

“Construction Costs” means the costs of the acquisition, construction, rehabilitation, equipping, improvement or financing and refinancing of improvements to, or part of, the Water System constituting the Project.

“Construction Fund” means the fund of that name established pursuant to Article III of this Trust Agreement and held by the Trust Administrator.

“County” means the County of Lake, California.

“Debt Service” means, for any Fiscal Year, the sum of (1) the interest falling due during such Fiscal Year on all Parity Debt (that are outstanding under the documents or agreements pursuant to which they were issued), assuming that all outstanding serial Parity Debt are retired as scheduled and that all outstanding term Parity Debt are redeemed from sinking fund payments as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities that mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), (2) the principal amount of all serial Parity Debt (that are outstanding under the documents or agreements pursuant to which they were issued) falling due by their terms during such Fiscal Year, and (3) the minimum amount of term Parity Debt (that are outstanding under the documents or agreements pursuant to which they were issued) required to be paid or called and redeemed during such Fiscal Year, together with the redemption premiums, if any, thereon; provided that, whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Debt are not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Debt have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Debt is excludable from gross income under the applicable provisions of the Code, the most recently published The Bond Buyer Bond Revenue Index (or comparable



index if no longer published) plus one hundred fifty (150) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus one hundred fifty (150) basis points.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the District or the Authority relating to the financing and refinancing of the Project from the proceeds of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges and first year’s administration fee of the Trust Administrator, Trust Administrator’s counsel fees and expenses, financing discounts, legal fees and charges, financial and other professional consultant fees, costs of rating agencies or credit ratings, fees for execution, transportation and safekeeping of the Certificates, travel expenses and charges and fees in connection with the foregoing.

“Denomination Amount” means the minimum denomination of each Certificate which is One Hundred Dollars (\$100).

“Discharge Obligations” means (a) cash, or (b) non-callable Federal Securities.

“District” means the Clearlake Oaks County Water District, a county water district, duly organized and validly existing under the laws of the State of California.

“District Representative” means the President, Vice President, General Manager, Finance Director, Administrative Services Manager, and Secretary or Acting Secretary, or any other official of the District authorized by the Board to act for, and on behalf of, the District.

“Event of Default” means an event of default under Section 7.01 of the Installment Sale Agreement.

“Fair Market Value” means for purposes of valuing the Permitted Investments, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of investment. The Trust Administrator shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of a District Representative in any written directions of a District Representative.

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

“Fiscal Year” means any period of twelve (12) consecutive months established by the District as its fiscal year and shall initially mean the period commencing July 1 of one year and ending on June 30 of the following year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for special 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 any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“General Manager” means the person who is the District’s General Manager or his or her deputy or assistant.

“Government” means the United States of America, acting through Rural Utilities Service, United States Department of Agriculture (or successor agency, bureau or division).

“Gross Revenues” means all gross income and revenue received or receivable by the District from the ownership and operation of the Water System, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees, charges (including connection fees), insurance proceeds and condemnation awards received by the District and all other income and revenue howsoever derived by the District from the Water System, including, without limitation, property taxes, interest income, and all other operating and non-operating revenue; provided, however, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific water facilities, (ii) grants that are designated by the grantor for a specific water purpose and are therefore not available for other purposes, or (iii) customers’ water related deposits or any other water related deposits subject to refund until such deposits have become the property of the District, and (iv) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the District for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Water System, are not Gross Revenues and are not subject to the lien hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Counsel” means an attorney or a firm of attorneys duly admitted to the practice of law before the highest court of the state in which he or such firm maintains an office and who is not an employee of the Authority, the Trust Administrator or the District.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems similar to the Water System, 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 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.

“Independent Financial Consultant” means a financial consultant qualified in the field of municipal finance, appointed and paid by the District, and who:

- (1) is in fact independent and not under the domination of the District or any member thereof;
- (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 an officer or employee of the District or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Installment Payment” means any payment required to be paid by the District to the Authority pursuant to Section 3.05 of the Installment Sale Agreement.

“Installment Payment Date” means each Interest Payment Date.

“Installment Payment Fund” means the fund designated “Clearlake Oaks County Water District, Project Installment Payment Fund” established and held by the Trust Administrator pursuant to Article III of this Trust Agreement.

“Installment Sale Agreement” means the Installment Sale Agreement, dated as of March 1, 2021, by and between the Authority and the District, and any duly authorized and executed amendment or supplement thereto.

“Insurance and Condemnation Fund” means the fund by that name established pursuant to Article VII of this Trust Agreement and held by the Trust Administrator.

“Interest Fund” means the fund by that name established in Section 5.04 herein.

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2021.

“Interest Rate” means the rate of interest to be paid on the Certificate which is 1.250% per annum.

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the Parity Debt to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“Net Proceeds” means any insurance proceeds or condemnation award paid with respect to the Project, remaining after payment therefrom of all expenses incurred in the collection thereof.

“Net Revenues” means Gross Revenues less Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means the reasonable and necessary costs and expenses paid or incurred by the District for maintaining and operating the Water System, determined in accordance with Generally Accepted Accounting Principles, including but not limited to (a) costs of acquisition of water, including all associated treatment and delivery costs, to be used by the Water System, (b) costs of electricity and other forms of energy supplied to the Water System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, (d) the reasonable administrative costs of the District attributable to the operation and maintenance of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and (e) all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms hereof or of any resolution authorizing the issuance of any Parity Debt or of such Parity Debt, such as compensation, reimbursement and indemnification of any trustees for any such Parity Debt, as well as fees and expenses of Independent Certified Public Accountants, Independent Counsel, Independent Financial Consultants, Independent Engineers and other necessary consultants, but in all cases excluding (i) debt service payable on obligations incurred by the District with respect to the Water System, including but not limited to the Installment Payments and payments on any Parity Debt, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

“Original Purchaser” means the Government as the first purchaser of the Certificates (evidenced by a single fully registered Certificate) upon their delivery by the Trust Administrator on the Closing Date.

“Outstanding,” when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 of this Trust Agreement) all Certificates theretofore executed and delivered by the Trust Administrator under this Trust Agreement except:

(a) Certificates theretofore canceled by the Trust Administrator or surrendered to the Trust Administrator for cancellation;

(b) Certificates for the payment or prepayment of which funds or eligible securities in the necessary amount, including accrued interest thereon, shall have theretofore been deposited with the Trust Administrator (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 4.03 of this Trust Agreement or provision satisfactory to the Trust Administrator shall have been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trust Administrator pursuant to Section 2.09 of this Trust Agreement.

“Owner” or **“Certificate Owner”** or **“Registered Owner,”** or any similar term, means the person or entity in whose name a Certificate shall be registered.

“Parity Debt” means the Certificates and any other indebtedness or other obligation (including bonds, certificates, leases and installment sale agreements) hereafter issued or incurred in accordance with Section 3.09(b) of the Installment Sale Agreement and secured by a pledge of and lien on Net Revenues equally and ratably with the Installment Payments.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, provided that the same are of appropriate maturity and acquired at Fair Market Value:

- (i) Federal Securities and any investment fund, including money market funds or other investment policy arrangement which purchases and holds exclusively Federal Securities;
- (ii) Obligations issued by federal land banks or federal home loan banks; or obligations, participations, or other instruments issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or obligations, participations, or other instruments issued by a federal agency or a United States government-sponsored enterprise;
- (iii) Investments in repurchase agreements under the terms of which the underlying collateral is transferred to the possession of the Trust Administrator of any securities authorized by paragraphs (i) and (ii) above which have a fair market value (valued at cost) at least equal to 103% of the amount invested in the repurchase agreement and are free of third party claims;
- (iv) Nonnegotiable certificates of deposit issued by a nationally chartered bank, a bank chartered by the State of California or a foreign banking corporation, authorized pursuant to Section 1756 of the California Financial Code to transact business in the State of California by accepting deposits, or a State of California or federal savings and loan association, provided that such certificates of deposit are fully collateralized in the manner required for collateralization of trust funds;
- (v) Any investment agreement, guarantee or other investment vehicle or security issued by, secured by or otherwise representing the general obligations of a financial institution whose long-term unsecured, uninsured and unguaranteed obligation or claims-paying ability is rated AA or better by any Rating Agency at the time of its issuance, provided that: (a) the agreement is not subordinated to any other obligations of such financial institution; and (b) if the financial institution fails to maintain a rating of AA or better (without regard to gradations), the District and/or the Authority shall have the right to demand collateral in the form of securities authorized by paragraphs (i) and (ii) above pledged to secure the investment agreement. Such collateral shall be pledged through the Trust Administrator and shall have a fair market value (valued at cost) of at least 103% of the value of funds remaining in the investment agreement. Further, the District and/or the Authority shall have the right to withdraw all funds without penalty should the financial institution fail to provide collateral as required under this paragraph;
- (vi) Investments otherwise defined in Section 53601 of the California Government Code, as amended from time to time; provided that the Trust Administrator shall not be obligated to invest in any form of investment pursuant to this subparagraph (vi) except upon receipt of a certificate of a

District Representative that any directed investment to be made pursuant to this subparagraph (vi) meets this definition as set forth in this subparagraph (vi); and

(vii) The Local Agency Investment Fund of the State or any state administered pool investment fund in which the District is statutorily permitted or required to invest will be deemed a permitted investment.

“Prepayment” means any payment applied towards the prepayment of the Installment Payments, in whole or in part, pursuant to Article IV of the Installment Sale Agreement.

“Principal Amount” means the aggregate authorized principal amount of the Certificates which is \$5,000,000.

“Principal Component Payment” means each principal portion of each Installment Payment made pursuant to Section 2.03 hereof.

“Principal Fund” means the fund by that name established in Section 5.04 herein.

“Principal Payment Date” means March 1 of each year, commencing with March 1, 2022, and ending on March 1, 2061.

“Proceeds” when used with reference to the Certificates, means the face amount of the Certificates, plus accrued interest and premium, if any, and less original issue discount, if any.

“Project” means the improvements to the Water System described in Exhibit A to the Installment Sale Agreement.

“Rating Category” means, with respect to any Permitted Investment, one or more of the generic categories of rating by S&P applicable to such Permitted Investment, without regard to any refinement or gradation of such rating category by a plus or minus sign.

“Regular Record Date” means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

“Reserve Fund” means the fund of that name established under Article VI of this Trust Agreement and held by the Trust Administrator.

“Reserve Installment Payments” means the amount required to be paid by the District to the Trust Administrator from Net Revenues pursuant to Section 3.11 of the Installment sale Agreement, and which shall be applied to the Reserve Fund as set forth in Sections 6.01 through 6.06 herein.

“Reserve Requirement” means an amount equal to the monthly District deposits required pursuant to Section 3.11 of the Installment Sale Agreement, ultimately accumulating to a total of \$166,500.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw-Hill, Inc., New York, New York, or its successors.

“Short-Lived Assets Reserve Fund” means the fund by that name established and maintained pursuant to Section 6.07 herein.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the Installment Payments.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Installment Sale Agreement or this Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Tax Code.

“Term of the Installment Sale Agreement” means the time during which the Installment Sale Agreement is in effect which begins on the Closing Date and ends on March 1, 2061, unless sooner terminated pursuant to the terms of the Installment Sale Agreement.

“Trust Administrator” means the General Manager of the District, or any successor thereto, acting as Trust Administrator pursuant to this Trust Agreement.

“Trust Agreement” means this Trust Agreement, dated as of March 1, 2021, by and among the Trust Administrator, the Authority and the District, together with any amendments or supplements thereto permitted to be made thereunder.

“Trust Office” means the office of the Trust Administrator at the offices of the District in Clearlake Oaks, California, or at such other address designated by the Trust Administrator by written notice filed with the District and the Authority.

“Water System” means the whole and each and every part of the water system of the District serving the District and its residents and other customers served thereby, whether within or without the District, for the collection, treatment and transmission of water, including but not limited to all buildings, facilities, properties, lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the District.

“Written Certificate” of the District means a written certificate signed in the name of the District by a District Representative as contemplated by and containing the elements required by Section 1.03 of this Trust Agreement and Section 1.03 of the Installment Sale Agreement.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.03. Content of Written Certificates.

(a) **Contents.** Every Written Certificate provided for in this Trust Agreement with respect to compliance with any provision hereof, except Written Certificates delivered on the Closing Date and the certificate of destruction pursuant to Section 14.07, shall include (a) a statement that the person making or

giving such Written Certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Written Certificate is based; (c) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such Written Certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

(b) Reliance. Any such Written Certificate made or given by a District Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such District Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such Written Certificate may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the District, as the case may be) upon a certificate or opinion of or representation by a District Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same District Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Trust Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.04. Exhibits. The following Exhibits are attached to, and by this reference are made a part of, this Trust Agreement: Exhibit A (Form of Certificate) and Exhibit B (Form of Disbursement Requisition from Construction Fund).

ARTICLE II THE WATER REVENUE CERTIFICATES

Section 2.01. Authorization. The Trust Administrator is hereby authorized and directed upon written request from either the District or the Authority to execute and deliver, to the Original Purchaser, a single Certificate in the Principal Amount evidencing undivided fractional interests in the Installment Payments and the Prepayments. The aggregate principal amount of the Certificates shall not in any case exceed the aggregate payments by the Original Purchaser therefor, as such payments and the dates thereof are endorsed on the single, fully registered Certificate. No provision is made for the Certificates to be executed and delivered in blocks or phases as the Original Purchaser's regulations for single delivery have been satisfactorily met.

Section 2.02. Date. Each Certificate shall be dated as of the date of delivery thereof.

Section 2.03. Principal; Interest; Maturity. The Certificates shall mature on March 1 in the years and in the principal amounts as shown below (each, a "Principal Component Payment"). Interest with respect thereto shall be computed at the Interest Rate of 1.250% per annum, calculated on the basis of a 365-day year. The annual Principal Component Payments are as follows:

<u>Maturity Date</u>	<u>Principal Due</u>	<u>Maturity Date</u>	<u>Principal Due</u>
02/01/2022	\$94,600	02/01/2042	\$124,300
02/01/2023	95,900	02/01/2043	126,000
02/01/2024	97,200	02/01/2044	127,700
02/01/2025	98,600	02/01/2045	129,500
02/01/2026	99,900	02/01/2046	131,300
02/01/2027	101,300	02/01/2047	133,100
02/01/2028	102,700	02/01/2048	134,900
02/01/2029	104,100	02/01/2049	136,800
02/01/2030	105,500	02/01/2050	138,600
02/01/2031	107,000	02/01/2051	140,600
02/01/2032	108,400	02/01/2052	142,500
02/01/2033	109,900	02/01/2053	144,500
02/01/2034	111,400	02/01/2054	146,400
02/01/2035	113,000	02/01/2055	148,500
02/01/2036	114,500	02/01/2056	150,500
02/01/2037	116,100	02/01/2057	152,600
02/01/2038	117,700	02/01/2058	154,700
02/01/2039	119,300	02/01/2059	156,800
02/01/2040	121,000	02/01/2060	159,000
02/01/2041	122,600	02/01/2061	161,000

Section 2.04. Interest. The interest evidenced and represented by the Certificates shall be payable on March 1 and September 1 of each year (each, an “Interest Payment Date”), commencing on September 1, 2021 and continuing to and including the Certificate Maturity Date or upon prepayment prior thereto, and shall evidence and represent the sum of the portions of the Installment Payments designated as interest components (each, an “Interest Component Payment”) coming due on the Interest Payment Dates during the interest period immediately preceding each of the Interest Payment Dates. Interest shall be calculated with respect to the Original Purchaser’s aggregate payments for the single Certificate from the respective date(s) of advances thereof, as such payments and dates thereof are endorsed on the single Certificate and computed on the basis of a 365-day year (and actual days elapsed). Each Interest Component Payment shall be computed by multiplying the portion of Installment Payments designated as principal with respect to such Certificate by the rate of interest applicable to such Certificate.

Interest on any Certificate shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless (i) such Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) such Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding the following Interest Payment Date and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) such Certificate is executed on or before July 15, 2021, in which event interest shall be payable from the date of delivery thereof; provided, however, that if at the time of execution of any Certificate, interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payment of interest with respect to any Certificate shall be made to the person appearing on the Certificate Register of the Trust Administrator as the Owner thereof as of the fifteenth (15th) day of the month preceding such Interest Payment Date, such interest to be paid as specified in Section 2.09 hereof.

Section 2.05. Form of Certificate; Legends. The Certificates shall be delivered in the form of a fully registered Certificate, without coupons, in the Denomination Amount or any integral multiple thereof, except that one annual amount may be any odd amount, and no Certificate may have principal maturing in more than one year. The Certificates shall be numbered in such manner as the Trust Administrator deems appropriate. At the option of the Original Purchaser of the Certificates, a single, fully-registered Certificate may be executed and delivered, in lieu of serial, registered Certificates, which single Certificate shall mature in installments of the same principal amounts and on the same dates as the registered Certificates it represents. The single Certificate shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein. The Certificates may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Trust Agreement as may be necessary or desirable to comply with custom, or otherwise.

Section 2.06. Execution. The Certificates shall be executed by and in the name of the Trust Administrator, at the written direction of either the District or the Authority, by the manual signature of an authorized signatory of the Trust Administrator.

Section 2.07. Transfer and Exchange. The following shall apply to transfers and exchanges of Certificates, provided that no transfer or exchange of Certificates shall be required to be made during the fifteen (15) days prior to the date of selection of Certificates for prepayment, or of any Certificate selected for prepayment:

(a) **Transfer of Certificates.** Any Certificate may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.11 hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trust Administrator, duly executed. Whenever any Certificate shall be surrendered for transfer, the Trust Administrator shall deliver a new Certificate or Certificates of the same maturity, interest rate and aggregate principal amount in authorized denominations to the transferee thereof. The Trust Administrator may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(b) **Exchange of Certificates.** Any Certificate may be exchanged at the Trust Office, for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. The Trust Administrator may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Notwithstanding anything herein or elsewhere to the contrary, there shall be not any transfers or exchanges while Government is owner, unless requested by the Government.

Section 2.08. Certificate Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trust Administrator, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like maturity and principal amount in authorized denominations in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trust Administrator of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trust Administrator shall be canceled by it and destroyed in accordance with Section 14.07 hereof, and the Trust Administrator shall

deliver a certificate of destruction to the District. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trust Administrator and, if such evidence is satisfactory to the Trust Administrator and if an indemnity satisfactory to the Trust Administrator and the Authority shall be given, the Trust Administrator, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and maturity and numbered as the Trust Administrator shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trust Administrator may require payment of an appropriate fee for each new Certificate delivered under this Section 2.08 and of the expenses which may be incurred by the Trust Administrator in carrying out the duties under this Section 2.08. Any Certificate delivered under the provisions of this Section 2.08 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificate secured by this Trust Agreement. The Trust Administrator shall not be required to treat both the original Certificate and any substitute Certificate as being Outstanding for the purpose of determining the principal amount of Certificate which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificate Outstanding hereunder; the Trust Administrator shall consider only the substitute Certificate as Outstanding for such purpose. Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trust Administrator may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trust Administrator.

Section 2.09. Payment. Except as otherwise provided herein, payment of interest due with respect to any Certificate on any Interest Payment Date shall be made to the person appearing on the Certificate Register as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his address as it appears on the Certificate Register as of such Regular Record Date. The principal and prepayment price with respect to a Certificate at maturity or upon prior prepayment shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificate at the Trust Office. If the Government is the Owner of the single, fully-registered Certificate, surrender shall not be required for payment, except for final payment, and payment of principal shall be made on each Principal Payment Date and payment of interest shall be made on each Interest Payment Date to the Registered Owner, unless otherwise requested by the Registered Owner, by the Pre-Authorized Debit (PAD) payment process (i.e., the District's payments shall be electronically debited from the Installment Payment Fund on each Interest Payment Date in accordance with the PAD process established by Form SF-5510 and Form RD 3550-28, both entitled "Authorization Agreement for Pre-Authorized Payments").

Section 2.10. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificate. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or such Owner's attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer

authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before such notary or officer the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of the authority of such officer or member.

(b) The fact of the holding of a Certificate by any Owner and the amount, the maturity and the numbers of such Certificate and the date of the Owner's holding the same may be proved by reference to the Certificate Register maintained by the Trust Administrator provided for in Section 2.11 hereof. The Trust Administrator may conclusively assume that such ownership continues until transfer as provided in Section 2.07(a) hereof.

(c) Nothing contained in this Article II shall be construed as limiting the Trust Administrator to such proof, it being intended that the Trust Administrator may accept any other evidence of the matters herein stated which the Trust Administrator may deem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trust Administrator in pursuance of such request or consent.

Section 2.11. Certificate Register. The Trust Administrator will keep or cause to be kept, at the Trust Office, sufficient books for the registration and transfer of the Certificates which shall be open at all reasonable times with reasonable prior notice during normal business hours of the Trust Administrator to inspection by the District and the Authority; and, upon presentation for such purpose, the Trust Administrator shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

Section 2.12. CUSIP Numbers. The Trust Administrator, the District and the Authority shall not be liable for any defect or inaccuracy in any CUSIP number that appears on any Certificate or in any prepayment notice. The Trust Administrator may, in its discretion, include in any prepayment notice a statement to the effect that any CUSIP numbers on the Certificate have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trust Administrator, the District nor the Authority shall be liable for any inaccuracies in such numbers. CUSIP numbers shall not be required if the Government is the Original Purchaser of a single, fully registered Certificate.

ARTICLE III CONSTRUCTION FUND

Section 3.01. Construction Fund. The Trust Administrator shall establish the Construction Fund and shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator; and shall administer such fund and account as provided herein. There shall be deposited in the Construction Fund all of the proceeds of sale of the Certificates, including an initial advance received from the Original Purchaser on the Closing Date, and any other funds from time to time deposited with the Trust Administrator for such purpose.

Section 3.02. Payment of Construction Costs.

(a) Except as provided in subsection (b) below and in Section 3.03, amounts in the Construction Fund shall be disbursed for Construction Costs. Disbursements from the Construction Fund shall be made by the Trust Administrator upon receipt of a sequentially numbered requisition, a form of which is attached as Exhibit B, requesting disbursement executed by a District Representative and by the Government as the Certificate Owner. Each such requisition shall:

(i) set forth the amounts to be disbursed for payment or reimbursement of previous payments of Construction Costs and the person or persons to whom said amounts are to be disbursed;

(ii) state that the amounts to be disbursed constitute Construction Costs, that said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the Authority or the District, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(iii) state that no amount set forth in the requisition was included in any requisition requesting disbursement previously filed with the Trust Administrator pursuant to this Section 3.02;

(iv) state that there has been compliance with Section 11.07 hereof relating to the use of the Construction Fund;

(v) state that insofar as such requisition relates to payment for work, materials, equipment or supplies, such work was actually performed, or such materials, equipment or supplies were actually installed in furtherance of the construction of the Project or delivered to the appropriate site for such purpose, or delivered for storage or fabrication at a place approved by the District; and

(vi) if such requisition relates to payment to a contractor, state that no liens have been imposed on the Project as a result of said construction except liens that have not yet ripened or that would attach by operation of law.

(b) The Trust Administrator shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Construction Fund and the payment thereof in accordance with this Section 3.02, but the Trust Administrator shall not be responsible for such requisitions.

Section 3.03. Payment of Delivery Costs.

(a) Amounts in the Construction Fund shall also be disbursed by the Trust Administrator to pay the Delivery Costs.

(b) The Trust Administrator shall disburse moneys in the Construction Fund to pay the Delivery Costs only upon a receipt of a sequentially numbered requisition, with bills, invoices or

statements attached, signed by a District Representative (and, if required, by the Government as the Certificate Owner) setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the Construction Fund as Delivery Costs.

Section 3.04. Transfers of Unexpended Proceeds. The Trust Administrator is hereby directed that all unexpended moneys remaining in the Construction Fund and not identified in writing by a District Representative and by the Owner to be required for payment of Construction Costs or other capital improvements (the "Unexpended Proceeds") shall, on the date of completion of the Project or as soon thereafter as the Trust Administrator is so notified, be transferred to the Installment Payment Fund and applied to the prepayment of the Certificates.

ARTICLE IV PREPAYMENT OF CERTIFICATES

Section 4.01. Prepayment.

(a) **Generally.** The Certificates shall not be subject to prepayment prior to maturity, except in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

(b) **Prepayment from Net Proceeds of Insurance and Condemnation and from Unexpended Proceeds.** The Certificates are subject to prepayment in whole on any date and in part on any Interest Payment Date from the (i) Net Proceeds of any insurance or condemnation award and (ii) Unexpended Proceeds, which are, in either case deposited in the Installment Payment Fund and credited towards the prepayment made by the District pursuant to Section 4.03 of the Installment Sale Agreement, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium.

(c) **Optional Prepayment.** In addition, the Certificates are subject to prepayment in whole or in part at any time, at the principal amount with respect thereto, without premium, and with accrued interest to the date fixed for prepayment from the proceeds of optional prepayments made by the District pursuant to the Installment Sale Agreement:

Section 4.02. Selection of Certificates for Prepayment. Whenever provision is made in this Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, the Trust Administrator shall select Certificates for prepayment in inverse order of maturity, unless otherwise requested by District and agreed to by Original Purchaser in its reasonable discretion. The Trust Administrator shall promptly notify the District and the Authority in writing of the Certificates so selected for prepayment, and the District or the Authority shall immediately thereafter revise Exhibit B of the Installment Sale Agreement to reflect such prepayment and shall be and become for all purposes thereafter the "Amended Exhibit B to the Installment Sale Agreement."

Section 4.03. Notice of Prepayment.

(a) **General.** Notice of any such prepayment shall be given by the Trust Administrator on behalf and at the expense of the District by mailing a copy of a prepayment notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for prepayment to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Register maintained by the Trust Administrator; provided, however, that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the prepayment of the Certificates.

(b) **Contents.** All notices of prepayment shall be dated and shall state: (i) the prepayment date, (ii) the prepayment price, (iii) if less than all Outstanding Certificates are to be prepaid, the identification (and, in the case of partial prepayment, the respective principal amounts) of the Certificates to be prepaid, (iv) that on the prepayment date the prepayment price will become due and payable with respect to each such Certificate or portion thereof called for prepayment, and that interest with respect thereto shall cease to accrue from and after said date, (v) the place where such Certificates are to be surrendered for payment of the prepayment price, which place of payment shall be the Trust Office.

(c) **Deposit.** Prior to the mailing of any prepayment notice (other than a prepayment notice relating to Certificates that are to be refunded with the proceeds of refunding Certificates or other refunding obligations), the District shall deposit, or cause to be deposited, with the Trust Administrator an amount of money sufficient to pay the prepayment price of all the Certificates or portions of Certificates which are to be prepaid on the applicable prepayment date. In the case of a prepayment notice relating to Certificates that are to be refunded, the District shall deposit, or cause to be deposited, with the Trust Administrator on or prior to the applicable prepayment date, an amount of money sufficient to pay the prepayment price of all the Certificates or portions of Certificates which are to be prepaid on such prepayment date.

(d) **Prepayment.** Notice of prepayment having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date (unless the District shall default in the payment of the prepayment price) interest with respect to such Certificates or portions of Certificates shall cease to be payable. Upon surrender of such Certificates for prepayment in accordance with said notice, such Certificates shall be paid by the Trust Administrator at the prepayment price. Installments of interest due on or prior to the prepayment date shall be payable as herein provided for payment of interest. Upon surrender for any partial prepayment of any Certificate, there shall be executed and delivered for the Owner a new Certificate or Certificates of the same maturity in the amount of the unprepaid principal. All Certificates which have been prepaid shall be canceled by the Trust Administrator, shall not be reissued, and shall be destroyed pursuant to Section 14.07. If the Government is the Owner, prepayment shall be endorsed on the single, fully registered Certificate registered to the Government.

(e) **CUSIP.** The Trust Administrator shall have no responsibility for a defect in any CUSIP number that appears on any Certificate or in the prepayment notice. The prepayment notice may provide that the CUSIP numbers have been assigned by an independent service and are included

in the notice solely for the convenience of Certificate Owners and that the Trust Administrator and the District shall not be liable in any way for inaccuracies in said numbers.

Section 4.04. Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trust Administrator shall execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

Section 4.05. Effect of Notice of Prepayment. After notice has been given and the moneys for the prepayment, including interest to the applicable Interest Payment Date and premium, if any, having been set aside in the Installment Payment Fund, the Certificate to be redeemed shall become due and payable on the Interest Payment Date, and, upon presentation and surrender thereof at the Trust Office specified in such notice, such Certificate shall be paid at the unpaid principal amount with respect thereto, and any unpaid and accrued interest to the Interest Payment Date.

If, on the Interest Payment Date, moneys for the prepayment of all of the principal of the Certificate to be prepaid, together with interest to such Interest Payment Date, shall be held by the Trust Administrator so as to be available therefor on such Interest Payment Date, and, if notice of prepayment thereof shall have been given, then, from and after such Interest Payment Date, interest with respect to the Certificate to be prepaid shall cease to accrue and become payable. If such moneys shall not be so available on the Interest Payment Date, interest with respect to such Certificate shall continue to be payable at the same rates as it would have been payable had the Certificate not been called for prepayment. All moneys held by or on behalf of the Trust Administrator for the prepayment of a particular Certificate shall be held in trust for the account of the Owner of the Certificate so to be prepaid. The Trust Administrator shall not be liable for any interest earned on the amounts so held.

Section 4.06. Purchase of Certificates. In lieu of prepayment of Certificates as provided in this Article IV, amounts held by the Trust Administrator for such prepayment may also be used on any Interest Payment Date, upon receipt by the Trust Administrator at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of a District Representative, for the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid; *provided, however*, that no Certificate shall be purchased in lieu of prepayment with a trade settlement date less than seventy-five (75) days prior to the relevant prepayment date. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment. Remaining moneys, if any, shall be deposited in the Installment Payment Fund.

ARTICLE V INSTALLMENT PAYMENTS; INSTALLMENT PAYMENT FUND

Section 5.01. Assignment of Rights in Installment Sale Agreement. The Authority has, pursuant to the Assignment Agreement, transferred, assigned and set over to the Trust Administrator all of its rights, title and interest in the Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including but not limited to all of the Authority's rights to receive and collect all of the

Installment Payments, any Prepayment and all other amounts required to be deposited in the Installment Payment Fund pursuant to the Installment Sale Agreement or pursuant hereto. All Installment Payments, any Prepayment and such other amounts which the Authority may at any time be entitled, shall be paid directly to the Trust Administrator and, in the event of the receipt or collection of Installment Payments by the Authority, such payments shall be deemed to be held or to have been collected or received by the Authority as agent of the Trust Administrator.

Section 5.02. Establishment of Installment Payment Fund. The Trust Administrator shall establish the Installment Payment Fund. All moneys at any time deposited by the Trust Administrator in the Installment Payment Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the District nor the Authority shall have any beneficial right or interest in the Installment Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trust Administrator as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Installment Payment Fund all Installment Payments, Reserve Installment Payments and Prepayments received by the Trust Administrator, including any moneys received by the Trust Administrator for deposit therein pursuant to Sections 4.01, 5.05, 6.02, hereof or Article IV of the Installment Sale Agreement, and any other moneys required to be deposited therein pursuant to the Installment Sale Agreement or pursuant to this Trust Agreement.

Section 5.04. Application of Moneys in the Installment Payment Fund. All amounts in the Installment Payment Fund shall be used and withdrawn by the Trust Administrator for deposit in the following respective funds (each of which is hereby created and each of which the Trust Administrator, the Authority or the District hereby covenants and agrees to cause to be maintained so long as any Certificates are Outstanding) at the following times and in the following order of priority (the Trust Administrator shall not withdraw from the Installment Payment Fund an amount in excess of the debt service scheduled to be paid by the Installment Payments deposited therein) and the moneys in each of such funds shall be applied, used and withdrawn only for the purposes and uses hereinafter authorized.

- (1) Interest Fund;
- (2) Principal Fund;
- (3) Reserve Fund; and
- (4) Short-Lived Assets Reserve Fund.

(a) **Interest Fund.** The Trust Administrator shall transfer from the Installment Payment Fund and deposit in the Interest Fund for receipt before March 1 and September 1 of each year, beginning on September 1, 2021, an amount of money from the Installment Payment Fund which is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Certificates on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the amount of the interest becoming due and payable on all Outstanding Certificates on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trust Administrator solely for the purpose of paying the interest on the Outstanding Certificates; provided that any earnings on deposit in the

Interest Fund after payment of interest on Certificates on an Interest Payment Date shall be transferred to the Installment Payment Fund.

(b) **Principal Fund.** The Trust Administrator shall deposit in the Principal Fund before March 1 of each year, an amount of money from the Installment Payment Fund equal to the Principal Component Payment payable on such Principal Payment Date. All money in the Principal Fund shall be used by the Trust Administrator to pay or purchase the Certificates in accordance with Article IV hereof; provided that any earnings on deposit in the Principal Fund after payment of Principal Component Payment of the Certificates on a Principal Payment Date shall be transferred to the Installment Payment Fund.

(c) **Reserve Fund.** All moneys at any time on deposit in the Reserve Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Certificates, and applied solely as provided in Article VI herein.

(d) **Short-Lived Assets Reserve Fund.** All moneys at any time on deposit in the Short-Lived Assets Reserve Fund shall be held by the Trust Administrator, and applied solely as provided in Article VI herein.

Section 5.05. Surplus. Any surplus remaining in the Installment Payment Fund, after payment of all Certificates after each Principal Payment Date, and accrued interest (if any) and payment of any applicable fees, costs and expenses to the Trust Administrator, or provision for such prepayment or payment having been made to the satisfaction of the Trust Administrator, shall be withdrawn by the Trust Administrator and remitted to the District.

ARTICLE VI RESERVE FUNDS

Section 6.01. Establishment of Reserve Fund. The Trust Administrator shall establish the Reserve Fund and shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator. All moneys at any time on deposit in the Reserve Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Certificates, and applied solely as provided herein.

Section 6.02. Deposits. There shall be deposited in the Reserve Fund the amounts specified in Section 3.11 of the Installment Sale Agreement.

Section 6.03. Transfers. The Trust Administrator shall, on or before each March 1 and September 1, transfer any moneys in the Reserve Fund in excess of the Reserve Requirement as provided in Section 8.03 hereof.

Section 6.04. Application in Event of Deficiency in the Installment Payment Fund. If, on any Interest Payment Date, the moneys available in the Installment Payment Fund do not equal the amount of the principal, interest and prepayment premium (if any) with respect to the Certificates then coming due and payable, the Trust Administrator shall apply the moneys available in the Reserve Fund to make delinquent Installment Payments on behalf of the District and transfer the amount necessary for this purpose to the Installment Payment Fund. Upon receipt of any delinquent Installment Payment with respect to which moneys

have been advanced from the Reserve Fund such Installment Payment shall be deposited in the Reserve Fund to the extent of such advance.

Section 6.05. Transfer to Make All Installment Payments. If on any Installment Payment Date, the moneys on hand in the Reserve Fund and the Installment Payment Fund are sufficient to pay all Outstanding Certificates, including all principal and interest the Trust Administrator shall, upon the written direction of a District Representative, accompanied by all amounts then on hand in the Reserve Fund, deposit such funds in the Installment Payment Fund to be applied to the payment of the Installment Payments or Prepayments on behalf of the District, and such moneys shall be distributed to the Owners of the Certificates in accordance with Article II and Article IV of this Trust Agreement.

Section 6.06. Replenishment of Reserve Fund. The District shall maintain or cause to be maintained in the Reserve Fund an amount equal to the amounts required to be deposited therein pursuant to Section 3.11 of the Installment Sale Agreement, and thereafter the amount of the Reserve Requirement. If, on any date of computation, amounts on hand in the Reserve Fund are less than such required amounts because of a transfer therefrom made in accordance with Section 6.04 hereof, the District shall pay to the Trust Administrator, within one (1) year from the date of such deficiency if caused by a deficiency in Net Revenues, an amount necessary to bring the amounts on deposit in the Reserve Fund to the amount required to be maintained therein; provided, however, that the period of time permitted herein for the replenishment of the Reserve Fund by the District shall not affect any other provision of this Trust Agreement.

Section 6.07. Establishment and Application of Short-Lived Assets Reserve Fund. The Trust Administrator shall establish and maintain a separate "Short-Lived Assets Reserve Fund" as a special reserve fund for repair and/or replacement of short-lived assets of the Water System, and shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator.

In accordance with Section 3.12 of the Installment Sale Agreement, the Trust Administrator shall deposit an initial amount of \$47,017 into the Short-Lived Assets Reserve Fund on or before the Closing Date, and shall annually thereafter deposit \$47,017 into the Short-Lived Assets Reserve Fund by not later than June 30 of each year, starting with fiscal year ending June 30, 2022, and continuing for as long as any of the Certificates remain outstanding.

The District may withdraw amounts on deposit in the Short-Lived Assets Reserve Fund from time to time to pay for timely replacement of "short-lived assets" of the Water System, which for purposes of this Section shall mean any component or assets of the Water System, including without limitation pumps, paint and small equipment, that will need to be repaired or replaced over a one to fifteen-year period, the cost of which is not included within the definition of Operation and Maintenance Costs.

Notwithstanding the foregoing, before each June 30 the District shall evaluate the status and condition of short-lived assets of the Water System and, if such evaluation suggests that a lesser or greater deposit is required in order to provide for the timely replacement of any short-lived assets, the District may upon consultation by the District with the Government decrease the amount of the annual deposit into the Short-Lived Assets Reserve Fund if a lesser amount is indicated, but shall increase the amount of the annual deposit in to the Short-Lived Assets Reserve Fund if a greater amount is indicated.

Upon the redemption in full of all outstanding Certificates, the District shall close the Short-Lived Assets Reserve Fund and the balance therein shall be released to the District and used for any legally permissible purpose of the Water System.

ARTICLE VII INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN

Section 7.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award. Any Net Proceeds of insurance against accident to or destruction of any structure constituting any part of the Project collected by the District in the event of any such accident or destruction shall be transferred by the District to the Trust Administrator pursuant to Section 5.07 of the Installment Sale Agreement and the Trust Administrator shall deposit such moneys in a special fund designated as the "Insurance and Condemnation Fund" to be applied and disbursed by the Trust Administrator as provided in Section 5.07(a) of the Installment Sale Agreement.

Section 7.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Project shall be taken by eminent domain (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be transferred by the District to the Trust Administrator for deposit in the Insurance and Condemnation Fund pursuant to Section 5.07(b) of the Installment Sale Agreement and shall be applied and disbursed by the Trust Administrator as follows:

(a) If the District determines that such eminent domain proceedings have not materially affected the operation of the Project, or the ability of the District to meet any of its obligations under the Installment Sale Agreement, and if the District determines that such proceeds are: (i) not needed for repair, replacement or rehabilitation of the Project, upon receipt of a Written Certificate from the District the Trust Administrator shall transfer such proceeds to the Installment Payment Fund to be credited towards the prepayments required to be paid pursuant to Section 4.03 of the Installment Sale Agreement and applied to the prepayment of Certificates in the manner provided in Article IV hereof, or (ii) needed for repair or rehabilitation of the Project, upon receipt of a Written Certificate from the District the Trust Administrator shall pay to the District, or to its order, from said proceeds such amounts as the District may expend for such repair or rehabilitation, upon the filing of requisitions of the District Representative, substantially in the form described in Section 3.02 in connection with the payment of Construction Costs.

(b) If (i) less than all of the Project shall have been taken in such eminent domain proceedings, and if the District determines that such eminent domain proceedings have materially affected the operation of the Project or the ability of the District to meet any of its obligations under the Installment Sale Agreement or (ii) all of the Project shall have been taken in such eminent domain proceedings, then upon receipt of written instruction from the District the Trust Administrator shall transfer such proceeds to the Installment Payment Fund to be credited toward the prepayment required to be paid pursuant to Section 4.03 of the Installment Sale Agreement and applied to the prepayment of Certificates in the manner provided in Article IV hereof.

Section 7.03. Excess Net Proceeds. After all of the Certificates have been retired and the entire amount of principal and interest with respect to the Certificates and any remaining fees and expenses of the Trust Administrator have been paid in full, the Trust Administrator shall transfer any remaining funds to the District.

Section 7.04. Cooperation. The Authority shall cooperate with the District at the expense of the District in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Installment Sale Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any part thereof.

ARTICLE VIII MONEYS IN FUNDS; INVESTMENT

Section 8.01. Held in Trust. The moneys and investments held by the Trust Administrator under this Trust Agreement, except for those held in the Construction Fund, are irrevocably held in trust for the benefit of the Owner(s) of the Certificates, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either the Authority, the Trust Administrator or the District or any Owner of a Certificate, or any of them until after the Certificates have been paid in full.

Section 8.02. Investments Authorized. Moneys held by the Trust Administrator hereunder shall be invested and reinvested by the Trust Administrator, to the maximum extent practicable, in Permitted Investments. Unless otherwise directed, the Trust Administrator shall invest the affected moneys in Permitted Investments described in paragraph (vii) of the definition thereof. A District Representative may, by written order filed with the Trust Administrator, direct investment of moneys held by the Trust Administrator in specific Permitted Investments. Investments purchased with moneys on deposit in the Reserve Fund shall have a term not greater than five years. Investments, if registrable, shall be registered in the name of and held by the Trust Administrator or the Trust Administrator's nominee. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trust Administrator may act as principal or agent in the making or disposing of any investment. The Trust Administrator shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Article VIII. The Trust Administrator shall be entitled to rely conclusively upon the written instructions of a District Representative directing investments as to the fact that each investment is permitted by the laws of the State and constitutes a Permitted Investment hereunder, and the Trust Administrator shall not be required to make further investigation with respect thereto. To the extent that any of the requirements concerning any Permitted Investment embodies a legal conclusion, the Trust Administrator shall be entitled to conclusively rely upon a Written Certificate or certificate from the appropriate party or an opinion of counsel to such party that such requirement has been met.

Section 8.03. Allocation of Earnings. All interest or income received by the Trust Administrator on investment of the Construction Fund and Installment Payment Fund shall, as received, be retained in the applicable fund. Amounts retained in the Installment Payment Fund pursuant to this Section 8.03 shall be applied as a credit against the Installment Payment due by the District pursuant to the Installment Sale Agreement on the Installment Payment Date following the date of deposit. All interest or income received by the Trust Administrator on investment of the Reserve Fund shall be retained in the Reserve Fund in the event that amounts on deposit in the Reserve Fund are less than the Reserve Requirement. Pursuant to Section 6.03 hereof, in the event that amounts then on deposit in the Reserve Fund equal or exceed the Reserve Requirement, such excess shall be transferred to the Installment Payment Fund and shall be applied as a credit against the Installment Payment due by the District pursuant to the Installment Sale Agreement on the

Installment Payment Date following the date of deposit. Transfers to the Installment Payment Fund from the Reserve Fund shall be made by the Trust Administrator on or prior to each Installment Payment Date.

Section 8.04. Accounting. The Trust Administrator shall furnish to the District a semi-annual accounting of all investments, transactions and disbursements made by the Trust Administrator.

Section 8.05. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 8.05, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Trust Agreement or the Tax Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Tax Code).

**ARTICLE IX
THE TRUST ADMINISTRATOR**

Section 9.01. Appointment of Trust Administrator. The Trust Administrator is hereby appointed by the Authority and the District for the purpose of receiving all moneys required to be deposited with the Trust Administrator hereunder and to allocate, use and apply the same as provided in this Trust Agreement.

(a) **General.** The Trust Administrator is hereby authorized to pay or redeem the Certificates when duly presented for payment at maturity, or on prepayment, and to cancel all Certificates upon payment thereof. The Trust Administrator shall keep accurate records of all funds administered by it and of all Certificates paid and discharged. The Trust Administrator shall be compensated for its services rendered pursuant to the provisions of this Trust Agreement and shall be reimbursed for costs and expenses, including attorney's fees, incurred in connection therewith, subject to the provisions of any written agreement between the Trust Administrator and the District.

(b) **Successor.** So long as no Event of Default shall have occurred and be continuing, the District may, with the written consent of the Owners, remove the Trust Administrator initially appointed, and any successor thereto, on thirty (30) days written notice and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company which shall be a corporation organized and doing business under the laws of any state, the District or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority, so long as any Certificates are Outstanding. If such corporation publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 9.01 the combined capital and surplus of such corporation shall be deemed to be its

combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trust Administrator shall not be effective until written acceptance of appointment by the successor Trust Administrator.

(c) **Resignation.** The Trust Administrator may at any time resign by giving written notice to Authority and the District and by providing notice by first class mail, postage prepaid, to the Owners at their addresses as shown on the Certificate Register maintained by the Trust Administrator. Said mailing shall be made prior to the proposed effective date of resignation. Upon receiving such notice of resignation, the District, with the written consent of the Owners, shall promptly appoint a successor Trust Administrator by an instrument in writing; *provided, however*, that in the event that the District does not appoint a successor Trust Administrator within thirty (30) days following receipt of such notice of resignation, the Authority may appoint a successor Trust Administrator and in the event that Authority does not appoint such successor Trust Administrator, the resigning Trust Administrator, at the expense of the District, may petition any appropriate court having jurisdiction to appoint a successor Trust Administrator. Any resignation or removal of the Trust Administrator and appointment of a successor Trust Administrator shall become effective upon acceptance of appointment by the successor Trust Administrator and receipt by the Trust Administrator of any fees and expenses due and payable to it.

Section 9.02. Liability of Trust Administrator. The recitals of facts, covenants and agreements herein and in the Certificates contained shall be taken as statements, covenants and agreements of Authority and the District, and the Trust Administrator neither assumes any responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Trust Agreement or of the Certificates nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon the Trust Administrator.

Section 9.03. Merger or Consolidation. Any company into which the Trust Administrator may be merged or converted or with which any of them may be consolidated or any company resulting from any merger, conversion or consolidation to which any of them shall be a party or any company to which the Trust Administrator may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 9.01, shall be the successor to the Trust Administrator without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.04. Protection and Rights of the Trust Administrator. The following provisions shall apply to the Trust Administrator in the event the Trust Administrator is not then an officer or employee of the District and shall also apply to the Trust Administrator in the event the Trust Administrator is then an officer or employee of the District, but only to the extent that such provisions do not conflict with such Trust Administrator's duties as a District officer or employee.

(a) **Good Faith.** The Trust Administrator shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trust Administrator shall be under no duty to make any investigation or inquiry as to any

statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

(b) **Ownership Claims.** The Trust Administrator shall not be bound to recognize any person as an Owner of any Certificate or to take any action at such Owner's request unless such Certificate shall be deposited with the Trust Administrator or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trust Administrator.

(c) **Counsel.** The Trust Administrator may consult with counsel, who may be counsel to the District, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(d) **Proof.** Whenever in the administration of its duties under this Trust Agreement, the Trust Administrator shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the Written Certificate of the District Representative or Authority Representative and such Written Certificate shall be full warranty to the Trust Administrator for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Trust Administrator may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(e) **Owner.** The Trust Administrator may become the Owner of Certificates with the same rights it would have if it were not Trust Administrator; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trust Administrator; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in principal amount of the Certificate then Outstanding.

(f) **Powers and Liability.** The Trust Administrator may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of its duty hereunder, and the Trust Administrator shall not be liable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trust Administrator shall not be liable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

(g) **Limits of Liability.** The Trust Administrator undertakes to perform such duties, and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement against the Trust Administrator. No provision in this Trust Agreement shall require the Trust Administrator to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such

risk or liability is not assured to it. In accepting the duties hereby enumerated, the Trust Administrator acts solely as Trust Administrator for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the District or Authority having any claim against the Trust Administrator arising from this Trust Agreement shall look only to the funds and accounts held by the Trust Administrator hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trust Administrator be liable in its individual capacity for the obligations evidenced by the Certificates. The Trust Administrator shall not be liable in its individual capacity with respect to any action taken or omitted to be taken by the Trust Administrator in good faith in accordance with the written request of the Owners of the Certificates.

(h) No Representations. The Trust Administrator makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District of the Project. In no event shall the Trust Administrator be liable for incidental, indirect, special or consequential damages in connection with or arising from the Installment Sale Agreement or Trust Agreement for the existence, furnishing or use of the Project.

(i) Enforcement; Knowledge. The Trust Administrator shall not be responsible for the sufficiency or enforceability of the Installment Sale Agreement or the assignment under the Assignment Agreement of its rights to receive Installment Payments. The Trust Administrator shall not be deemed to have knowledge of any Event of Default hereunder or under the Installment Sale Agreement except failure by the District to make Installment Payments unless the Trust Administrator shall be specifically notified in writing of such Event of Default.

(j) Released and Unclaimed Funds. The Trust Administrator shall not be accountable for the use or application by the District or any other party of any funds which the Trust Administrator has released under this Trust Agreement. Subject to applicable escheat laws, any amounts unclaimed two (2) years after the final prepayment or maturity date of the Certificate, whichever occurs first, shall be paid by the Trust Administrator to the District, and thereafter, the Owner of any Certificate remaining unpaid shall look to the District for the payment of such Certificate.

Section 9.05. Appointment of Trust Administrator. In the event that an Event of Default shall occur or if it shall otherwise be necessary for the Trust Administrator to enforce payment of the Installment Payments, Prepayments or any other amount required to be deposited into the Installment Payment Fund or the Insurance and Condemnation Fund, or to exercise any of the remedies set forth in Article XIII hereof, or if it is determined that the Trust Administrator is unable to perform any of the other duties hereunder, the District, with the written consent of the Government as the Owner, shall appoint a bank or trust company as Trust Administrator hereunder (the "Trust Administrator") to succeed to the duties and responsibilities of the Trust Administrator hereunder, such appointment to be effective immediately upon written notice thereof to the Trust Administrator. Any Trust Administrator appointed in such circumstances shall meet the requirements of Section 9.01(b) hereof. Upon such appointment, the term "Trust Administrator" in this Agreement shall also refer to such Trust Administrator.

**ARTICLE X
MODIFICATION OR AMENDMENT OF AGREEMENTS**

Section 10.01. Amendments Permitted.

(a) **With Consent.** This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.03, shall have been filed with the Trust Administrator. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Installment Sale Agreement, or (3) modify any of the rights or obligations of the Trust Administrator without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 10.02.

(b) **Without Consent.** This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, or (2) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interest of the Owners of the Certificates, or (3) if and to the extent specified in an opinion of nationally recognized bond counsel filed with the District, the Authority and the Trust Administrator, to make such additions, deletions or modifications as may be necessary to assure compliance with section 148(f) of the Tax Code or otherwise as may be necessary to assure exclusion from gross income for purposes of federal income taxation of the interest component of Installment Payments. Any such supplemental agreement shall become effective upon its execution and delivery by the parties hereto or thereto as the case may be.

(c) **Counsel.** The Trust Administrator may obtain an opinion of Independent Counsel that any amendment entered into hereunder complies with the provisions of this Article X and the Trust Administrator may rely conclusively on such opinion.

Section 10.02. Procedure for Amendment with Written Consent of Certificate Owners.

(a) **General.** This Trust Agreement or the Installment Sale Agreement may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 10.01. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trust Administrator to the Owner of each Certificate at his address as set forth in the Certificate

Register, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as provided in this Section 10.02.

(b) **Effective.** Such supplemental agreement shall not become effective unless there shall be filed with the Trust Administrator the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 10.03) and a notice shall have been mailed as hereinafter provided in this Section 10.02. Each such consent shall be effective only if accompanied by proof of ownership of the Certificate for which such consent is given, which proof shall be such as is permitted by Section 2.11. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trust Administrator within five (5) Business Days of the date when the notice of consent hereinafter in this Section 10.02 provided for has been mailed. Any revocation received by the Trust Administrator later than five (5) Business Days after such notice has been mailed shall be of no force and effect.

(c) **Notice.** After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trust Administrator shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section 10.02 for the mailing of such supplemental agreement at the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section 10.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 10.02 to be filed with the Trust Administrator, shall be conclusive proof of the matters therein stated until the contrary is proved. Such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 10.03. Disqualified Certificates. Certificates owned or held by or for the account of the District or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the District (except any Certificate held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement.

Section 10.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement or the Installment Sale Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Installment Sale Agreement, as the case may be, for any and all purposes.

The District may adopt appropriate regulations to require each Certificate Owner, before such Owner's consent provided for in this Article X shall be deemed effective, to reveal whether the Certificate as to which such consent is given is disqualified as provided in Section 10.03.

Section 10.05. Endorsement or Replacement of Certificates Delivered After Amendments. The District may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Trust Administrator, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his or her Certificate for the purpose at the Trust Office, a suitable notation shall be made on such Certificate. The District may determine that new Certificate, so modified as in the opinion of the District is necessary to conform to such Certificate Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such new Certificate shall be exchanged at the Trust Office, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Certificate.

Section 10.06. Amendatory Endorsement of Certificate. The provisions of this Article X shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificate held by him, provided that due notification thereof is made on such Certificate.

ARTICLE XI COVENANTS

Section 11.01. Compliance With and Enforcement of Installment Sale Agreement. The District and the Authority covenant and agree with the Owners of the Certificates to perform all obligations and duties imposed on them under the Installment Sale Agreement and this Trust Agreement. The District or the Authority, immediately upon receiving or giving any notice or communication or other document in any way relating to or affecting their respective interests in the Project which may or can in any manner affect such interest, will deliver the same, or a copy thereof, to the Trust Administrator. The District and the Authority will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Sale Agreement.

Section 11.02. Payment of Taxes. The District will, subject to any right of challenge thereof, pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon the Project or any part thereof, promptly as and when the same shall become due and payable; and the District will keep the Trust Administrator advised in writing of such payments. The District will not suffer the Project, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor.

Section 11.03. Observance of Laws and Regulations. The District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it with respect to the Water System by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District with respect to the Water

System to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.04. Prosecution and Defense of Suits. The District shall promptly, upon request of the Trust Administrator or any Certificate Owner holding at least 25% in principal amount of the Certificates from time to time, take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, whether now existing or hereafter developing and shall, to the extent permitted by law, prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trust Administrator and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 11.05. Further Assurances. The Authority, the District and the Trust Administrator (at the cost and request of the District or the Authority) will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

Section 11.06. Filing. The District shall be responsible for the filing of any supplemental instruments or documents of further assurance as may be required by law in order to perfect or renew the security interests created by this Trust Agreement. Neither the Trust Administrator nor the Authority shall be responsible for such filing.

Section 11.07. Private Activity Bond Limitation. The District and the Authority shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Installment Sale Agreement 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.

Section 11.08. Federal Guarantee Prohibition. The District and the Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Installment Sale Agreement to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

Section 11.09. Rebate Requirement. The District and the Authority shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Certificates and the Installment Sale Agreement.

Section 11.10. No Arbitrage. The District and the Authority shall not take, or permit or suffer to be taken by the Trust Administrator or otherwise, any action with respect to the proceeds of the Certificates which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Certificates or the Installment Sale Agreement to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

Section 11.11. Maintenance of Tax-Exemption. The District and the Authority shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the

Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

Section 11.12. Small Issuer Exemption from Bank Nondeductibility Restriction. The District and Authority hereby designate the Installment Sale Agreement and Certificates for purposes of paragraph (3) of section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Code, except certain qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), has been or will be issued by the District and Authority, including all subordinate entities of the District, during the calendar year 2021.

ARTICLE XII LIMITATION OF LIABILITY

Section 12.01. Limited Liability of District. Except for the payment of Installment Payments and Prepayments when due in accordance with the Installment Sale Agreement and the performance of the other covenants and agreements of the District contained in said Agreement, the District shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Installment Payments to the Owners by the Trust Administrator except as expressly set forth herein.

Section 12.02. No Liability of the Authority for Trust Administrator Performance. In the event that a Trust Administrator shall be appointed pursuant to Section 9.05 to perform the duties of Trust Administrator hereunder, neither the District nor the Authority shall have any obligation or liability to the other party or to the Owners of the Certificates with respect to the performance by such Trust Administrator of any duty imposed upon such Trust Administrator under this Trust Agreement.

Section 12.03. Indemnification of Trust Administrator. In the event that a Trust Administrator shall be appointed pursuant to Section 9.05 to perform the duties of Trust Administrator hereunder, the District shall to the extent permitted by law indemnify and save such Trust Administrator, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of:

- (a) the use, maintenance, condition or management of, or from any work or thing done on, the Project by the Authority or the District;
- (b) any breach or default on the part of the Authority or the District in the performance of any of their respective obligations under the Installment Sale Agreement, this Trust Agreement and any other agreement made and entered into for purposes of the Project;
- (c) any act of the Authority or the District or of any of their respective agents, contractors, servants, employees or licensees with respect to the Project;

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(d) any act of any assignee of, or purchaser from the Authority or the District or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Project;

(e) the acquisition, construction, installation and equipping of the Project or the authorization of payment of Construction Costs or Delivery Costs;

(f) the actions of any other party, including but not limited to (i) the ownership, operation or use of the Project by the Authority or the District, (ii) the Trust Administrator's exercise and performance of its powers and duties hereunder, or (iii) the offering and sale of the Certificates. No indemnification will be made under this Section 12.03 or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by such Trust Administrator, its officers or employees. The District's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates or resignation or removal of such Trust Administrator.

Section 12.04. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the District, the Authority, the Trust Administrator and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the District, the Authority, the Trust Administrator and said Owners.

ARTICLE XIII EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.01. Assignment of Rights. Pursuant to the Assignment Agreement, the Authority transfers, assigns and sets over to the Trust Administrator all of the Authority's rights under the Installment Sale Agreement (excepting only the Authority's rights under Sections 6.03 and 7.04 thereof), including without limitation the Authority's rights to exercise such rights and remedies conferred on the Authority pursuant to the Installment Sale Agreement as may be necessary or convenient (i) to enforce payment of the Installment Payments, Prepayments and any other amounts required to be deposited in the Installment Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Authority's rights and take any action to protect the interests of the Trust Administrator or the Certificate Owners in an Event of Default.

Section 13.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trust Administrator may exercise any and all remedies available hereunder pursuant to law or granted pursuant to the Installment Sale Agreement.

Upon the occurrence of an Event of Default, the Trust Administrator may, and shall, at the written direction of the Owners of a majority of the principal amount of Certificates then Outstanding, by written notice to the District, declare the principal of the Installment Payments to be immediately due and payable, whereupon that portion of the principal of the Installment Sale Agreement thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Trust Agreement or in the Installment Payments to the contrary notwithstanding.

Remedies shall be cumulative with respect to the Trust Administrator and the Owners. If any remedial action is discontinued or abandoned, the Trust Administrator and the Owners shall be restored to their former positions.

Section 13.03. Application of Funds. All moneys received by the Trust Administrator pursuant to any right given or action taken under the provisions of this Article XIII or of Article VII of the Installment Sale Agreement, shall be applied by the Trust Administrator in the order following upon presentation of the several Certificates and the stamping thereon of the payment if only partially paid or upon the surrender thereof if fully paid:

(a) **First**, to the payment of the costs and expenses of the Trust Administrator hereunder (including, but not limited to, the costs and expenses of itself and its counsel) and, after such payment to the Trust Administrator, of the Certificate Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel, together with interest on all such amounts advanced as provided in the Installment Sale Agreement;

(b) **Second**, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the rate or rates specified in the respective Certificates (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 13.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trust Administrator in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trust Administrator shall deem most effectual to enforce any of its rights or duties hereunder.

Section 13.05. Non-waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement, or in the Certificates, shall affect or impair the obligation of the District, which is absolute and unconditional subject to Section 3.06 of the Installment Sale Agreement, to pay or prepay the Installment Payments as provided in the Installment Sale Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce such payment. No delay or omission of the Trust Administrator or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trust Administrator or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trust Administrator or the Certificate Owners.

Section 13.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trust Administrator or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07. Power of Trust Administrator to Control Proceedings. In the event that the Trust Administrator, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trust Administrator shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Certificates Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 13.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trust Administrator written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificate then Outstanding shall have made written request upon the Trust Administrator to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trust Administrator reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trust Administrator shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trust Administrator.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificate shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Installment Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 13.08 or any other provision of this Trust Agreement.

Section 13.09. Parties Interested Herein. Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Authority, the Trust Administrator and the Owners any right, remedy or claim under or by reason of this Trust Agreement, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and

agreements in this Trust Agreement contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Authority, the Trust Administrator and the Owners.

ARTICLE XIV MISCELLANEOUS

Section 14.01. Discharge. The Outstanding Certificates may be paid and discharged in any one or more of the following ways:

(a) **Payment.** By paying or causing to be paid the principal with respect to and interest with respect to all Certificates Outstanding, as and when the same become due and payable;

(b) **Deposit.** By depositing with the Trust Administrator, in trust, at or before maturity, money which, together with the amounts then on deposit in the Installment Payment Fund and the Reserve Fund, is fully sufficient to pay all Certificates Outstanding, including all principal and interest;

(c) **Escrow.** By irrevocably depositing with the Trust Administrator or an escrow agent, in trust, cash or Discharge Obligations in such amount as an independent nationally recognized certified public accountant shall determine in a written report delivered to the Trust Administrator or escrow agent will, together with the interest to accrue thereon and moneys then on deposit in the Installment Payment Fund and the Reserve Fund, if required, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Certificates (including all principal and interest) at or before their respective maturity dates; or

(d) **Security Deposit.** By depositing with the Trust Administrator, under an escrow deposit and trust agreement, security for the payment of Installment Payments as more particularly described in Section 4.05 of the Installment Sale Agreement, said security to be held by the Trust Administrator, as agent for District, and to be applied by the Trust Administrator to Installment Payments representing the obligation of the District under the Installment Sale Agreement, as described in Section 4.05 of the Installment Sale Agreement;

(e) **Effect.** Notwithstanding that any Certificates shall not have been surrendered for payment, all rights hereunder of the Owners of the Certificates and all obligations of the Authority, the Trust Administrator and the District under this Trust Agreement with respect to all Outstanding Certificates shall cease and terminate, except only the obligation of the Trust Administrator to pay or cause to be paid, from Installment Payments paid by or on behalf of the District from deposits pursuant to paragraphs (b) through (d) of this Section 14.01, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) through (d) of this Section 14.01, the Certificates shall continue to represent direct, undivided and fractional interests of the Owners thereof in Installment Payments under the Installment Sale Agreement.

(f) **Payment Date.** All monies held or deposited pursuant to subsections (b) through (d), above, shall be used to pay and prepay Certificates on the earliest possible date.

(g) Surplus Funds. Any funds held by the Trust Administrator, at the time of one of the events described above in subsections (a) through (d) above, which are not required for the payment to be made to Owners, or for payments to be made to the Trust Administrator by the District (including attorneys' fees), shall be paid over to the District.

Notwithstanding any contrary provision contained herein, so long as the Government is the Owner of the Certificates, the Certificates may not be defeased.

Section 14.02. Records. The Trust Administrator shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the District, the Authority, and the Owners of not less than 10% in aggregate principal amount of the Certificates Outstanding, or the agent of any of them, upon reasonable prior notice and during regular business hours.

Section 14.03. Notices. All written notices to be given under this Trust Agreement shall be given by mail first class, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time. Any such notice shall be deemed to have been received 48 hours after deposit in the United States mail, with postage fully prepaid.

If to the District:

Clearlake Oaks County Water District
12952 East Highway 20
Clearlake Oaks, CA 95423
Attention: General Manager

If to the Authority:

California Municipal Public Financing Authority
20 South Santa Cruz Avenue, Suite 300
Attention: Manager

If to the Trust Administrator:

General Manager
Clearlake Oaks County Water District
12952 East Highway 20
Clearlake Oaks, CA 95423
Attention: General Manager

If to the Government:

Rural Development, United States
Department of Agriculture
777 Sonoma Ave "E" St Annex
Santa Rosa, CA 95404
Attention: Area Specialist

And

Rural Development, United States
Department of Agriculture
430 G Street, Suite 4169
Davis, CA 95616
Attention: Community Programs Specialist

Section 14.04. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.05. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Trust Agreement the Authority, the District or the Trust Administrator is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Authority, the District or the Trust Administrator shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.06. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.07. Destruction of Canceled Certificate. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trust Administrator and the delivery to the District of any Certificate, the Trust Administrator may, in lieu of such cancellation and delivery, destroy such Certificate and deliver a certificate of such destruction to the District.

Section 14.08. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.09. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give to any person other than the Authority, the District, the Trust Administrator and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held

to be for the sole and exclusive benefit of the Authority, the District, the Trust Administrator and the Owners of the Certificates delivered hereunder.

Section 14.10. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.11. Payments Due on Other than Business Day. If the date for making any payment as provided in this Trust Agreement is not a Business Day, such payment must be made on the previous Business Day.

Section 14.12. Payment of Unclaimed Moneys. Notwithstanding any provisions of this Trust Agreement, any moneys held by the Trust Administrator in trust for the payment of the principal or interest due with respect to any Certificate and remaining unclaimed two years from the date of payment or prepayment of such Certificate, or if the law shall have been changed and the District has notified the Trust Administrator of such change or the Trust Administrator notifies the District, then on the date thirty (30) days prior to the then applicable escheat provision of State law, shall, on such date, be repaid to the District free from the trusts created by this Trust Agreement, and all liability of the Trust Administrator with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the Trust Administrator may (at the cost and request of the District) first mail to the Owners to whom such amounts have not yet been paid, at the addresses shown on the Certificate Register, a notice, in such form as may be deemed appropriate by the Trust Administrator with respect to the amounts so payable and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof. The Trust Administrator shall not be liable for any interest on funds held by it. The District shall not be liable for any interest on the sums paid to it pursuant to this Section 14.12 and shall not be regarded as a Trust Administrator of such money.

Section 14.13. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant hereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

[Signature Page to Follow on Next Page]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

GENERAL MANAGER OF THE CLEARLAKE
OAKS COUNTY WATER DISTRICT
as Trust Administrator

By _____
General Manager

CALIFORNIA MUNICIPAL PUBLIC FINANCING
AUTHORITY

By _____
Chair

CLEARLAKE OAKS COUNTY WATER DISTRICT

By _____
General Manager

Attest:

By _____
Secretary

EXHIBIT A

FORM OF CERTIFICATE

No. R-1

\$5,000,000.00

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY
(Clearlake Oaks County Water District)
SERIES 2021 WATER REVENUE CERTIFICATE OF PARTICIPATION
(Water System Improvement Project)
BANK QUALIFIED**

INTEREST PAYMENT DATES	RATE OF INTEREST	DATED DATE
March 1 and September 1 as described below	1.250%	March __, 2020

REGISTERED OWNER: UNITED STATES OF AMERICA, ACTING THROUGH RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

PRINCIPAL AMOUNT: FIVE MILLION DOLLARS

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Series 2021 Water Revenue Certificate of Participation (the "Certificate") is the owner of a direct, undivided fractional interest in installment payments (the "Installment Payments") payable under the Installment Sale Agreement dated as of March 1, 2021 (the "Installment Sale Agreement") by and between the CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and the CLEARLAKE OAKS COUNTY WATER DISTRICT (the "District"), a county water district, duly organized and validly existing under the laws of the State of California. The Installment Payments and certain other rights and interests under the Installment Sale Agreement have been assigned to the General Manager of the District, as trust administrator (the "Trust Administrator"), having an office in the location described in the Trust Agreement referred to below.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Installment Sale Agreement, on the Maturity Dates identified below, or any earlier prepayment date, the Principal Amounts identified below representing a direct, undivided fractional share of the portion of the Installment Payments designated as principal as follows:

<u>Maturity Date</u>	<u>Principal Due</u>	<u>Maturity Date</u>	<u>Principal Due</u>
02/01/2022	\$94,600	02/01/2042	\$124,300
02/01/2023	95,900	02/01/2043	126,000
02/01/2024	97,200	02/01/2044	127,700
02/01/2025	98,600	02/01/2045	129,500
02/01/2026	99,900	02/01/2046	131,300
02/01/2027	101,300	02/01/2047	133,100
02/01/2028	102,700	02/01/2048	134,900
02/01/2029	104,100	02/01/2049	136,800
02/01/2030	105,500	02/01/2050	138,600
02/01/2031	107,000	02/01/2051	140,600
02/01/2032	108,400	02/01/2052	142,500
02/01/2033	109,900	02/01/2053	144,500
02/01/2034	111,400	02/01/2054	146,400
02/01/2035	113,000	02/01/2055	148,500
02/01/2036	114,500	02/01/2056	150,500
02/01/2037	116,100	02/01/2057	152,600
02/01/2038	117,700	02/01/2058	154,700
02/01/2039	119,300	02/01/2059	156,800
02/01/2040	121,000	02/01/2060	159,000
02/01/2041	122,600	02/01/2061	161,000

and to receive on September 1, 2021, and semiannually thereafter on March 1 and September 1 of each year (each an “Interest Payment Date”) until payment in full of said principal the Registered Owner’s direct, undivided fractional share of the Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable at the above stated Rate of Interest from the Dated Date identified above. The Registered Owner’s share of the portion of the Installment Payments designated as interest is the result of the multiplication of the share of the portion of the Installment Payments designated as principal as shown and endorsed on the attached Certificate of Advances of Payment from the United States of America, by the Rate of Interest per annum identified above, calculated on the basis of a 365-day year (and actual days elapsed).

Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Office of the Trust Administrator, and interest represented hereby is payable by check or draft mailed by first class mail by the Trust Administrator on each Interest Payment Date to the Registered Owner at such Owner’s address as it appears on the Certificates register of the Trust Administrator as of the preceding Record Date; provided, however, that so long as the United States of America remains the Registered Owner of the Certificates, payment of principal shall be made on each Principal Payment Date and payment of interest shall be made on each Payment Date to the Registered Owner, unless otherwise requested by the Registered Owner, by the Pre-Authorized Debit (PAD) payment process (i.e., the District’s payments shall be electronically debited from the Installment Payment Fund on each Interest Payment Date in accordance with the PAD process established by Form SF-5510 and Form RD 3550-28, both entitled “Authorization Agreement for Pre-Authorized Payments”).

This Certificate has been executed and delivered by the Trust Administrator pursuant to the terms of a Trust Agreement by and among the Trust Administrator, the Authority and the District, dated as of March 1, 2021 (the "Trust Agreement"). The District has certified that it is authorized to enter into the Installment Sale Agreement and this Trust Agreement under the laws of the State of California, for the purpose of paying the costs of certain public capital improvements.

Reference is hereby made to the Installment Sale Agreement and the Trust Agreement (copies of which are on file at the Office of the Trust Administrator) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trust Administrator and the rights and obligations of the District under the Installment Sale Agreement, to all of the provisions of the Installment Sale Agreement and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

This single Certificate is issued by the Authority and represents the \$5,000,000 Series 2021 Water Revenue Certificate of Participation (Water System Improvement Project), Bank Qualified, all of like, date, tenor and effect, but differing in amounts and maturities, authorized to be executed and delivered pursuant to the Trust Agreement.

This Certificate is transferable only to a Qualified Institutional Buyer (as such term is defined by Rule 144A of the Securities Act of 1933) or other persons with the consent of the District and the Authority, by the Registered Owner thereof in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender of this Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in the form appearing hereon. Upon such transfer, a new Certificate or Certificates of the same Maturity Date representing the same principal amount will be issued to the transferee in exchange herefor.

Notwithstanding anything herein or elsewhere to the contrary, there shall be not any transfers or exchanges while Government is owner, unless requested by the Government.

The District is obligated under the Installment Sale Agreement to pay the Installment Payments from Net Revenues (as such term is defined in the Installment Sale Agreement) on parity with all Parity Debt (as such term is defined in the Trust Agreement) issued or incurred within the meaning of the Installment Sale Agreement.

The obligation of the District to pay the Installment Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Installment Payments does not constitute a debt of the District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificate is subject to optional prepayment in whole, or in part among maturities in any manner as directed by the District in inverse order of maturity, unless otherwise requested by District and agreed to by Original Purchaser in its reasonable discretion, on any Business Day, from prepayments of the Installment Payments made at the option of the District pursuant to the Installment Sale Agreement, at a prepayment price

equal to the aggregate principal components of the Installment Payments to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificate is subject to mandatory prepayment on any date, in whole, or in part, from unexpended proceeds of the Construction Fund established under this Trust Agreement and from the net proceeds of insurance or eminent domain proceedings, in either case deposited with the Trust Administrator, which are credited towards the prepayment of the Installment Payments pursuant to the Installment Sale Agreement, at a prepayment price equal to one hundred percent (100%) of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

As provided in this Trust Agreement, notice of prepayment shall be mailed by the Trust Administrator by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the Registered Owner of the Certificate, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided herefor as specified in this Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

The District has designated its obligations under the Installment Sale Agreement represented by this Certificate to be a "qualified tax-exempt obligation" under Section 265(b)(3) of the Internal Revenue Code of 1986.

This Certificate is transferable by the Registered Owner hereof, in person or by his or her attorney duly authorized in writing, at the Trust Office of the Trust Administrator, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in this Trust Agreement and upon surrender and cancellation of this Certificate.

Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest and maturity date, will be delivered to the transferee in exchange herefor. The District, the Authority and the Trust Administrator may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the District, the Authority and the Trust Administrator shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

The Trust Administrator has no obligation or liability to the registered owners of the Certificates to make payments of principal, or interest with respect to the Certificates except from amounts on deposit for such purposes with the Trust Administrator. The Trust Administrator's sole obligations are to administer for the benefit of the registered owners of the Certificates the various funds and accounts established under the Trust Agreement and to perform the other duties expressly imposed upon it under the Trust Agreement.

The District has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Installment Sale Agreement and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

This Certificate is given as evidence of a loan to the District made by the United States of America, acting through Rural Utilities Service, United States Department of Agriculture, pursuant to the Consolidated Farm and Rural Development Act, and shall be subject to the present regulations of the Rural Utilities Service or any successor agency thereto and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, this Certificate has been authenticate, executed and delivered by the Trust Administrator, acting pursuant to this Trust Agreement.

AUTHENTICATED, EXECUTED AND DELIVERED, as of the Dated Date first written above.

TRUST ADMINISTRATOR

By: _____
General Manager of the
Clearlake Oaks County Water District

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face hereof, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT ___ Custodian

TEN ENT -- as tenants by the Entireties

(Cust) ___ (Minor) ___
under Uniform Gifts to Minors

JT TEN -- as joint tenants with ___ right of survivorship
___ and not as tenants in ___ common

Act _____
(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) _____
_____ attorney, to transfer the same on the Certificate Register of the Trust Administrator with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this Assignment must correspond with the name (s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Certificate of Advances of Payment from United States of America, acting through Rural Utilities Service,
United States Department of Agriculture

The following advances have been paid to and received by the District in the amount and on the date(s) set forth below, as evidenced by the Trust Administrator's signature set forth below, as evidenced by said Trust Administrator's signature set forth opposite "Date of Advance" and "Amount of Advance."

Date of Advance	Amount of Advance	Signature of the Trust Administrator
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____

Total principal sum of the within Certificate as advanced as of _____, 20__ is
\$ _____.

**Record of Prepayment in Advance of Maturity
of Certificates Represented by this Certificate**

The Record of prepayment in advance of maturity on the registered Certificate shall be substantially as follows:

<u>Amount</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____
_____	_____

EXHIBIT B

\$5,000,000

**CLEARLAKE OAKS COUNTY WATER DISTRICT
(Clearlake Oaks County Water District)
SERIES 2021 WATER REVENUE CERTIFICATE OF PARTICIPATION
(Water System Improvement Project)
BANK QUALIFIED**

**WRITTEN REQUISITION NO. __ FOR
DISBURSEMENT FROM CONSTRUCTION FUND**

The undersigned hereby states and certifies that:

1. the undersigned is a duly designated "District Representative", as such term is defined in that certain Trust Agreement, dated as of March 1, 2021 (the "Trust Agreement"), by and among the General Manager of the Clearlake Oaks County Water District, as trust administrator (the "Trust Administrator"), the California Municipal Public Financing Authority (the "Authority"), and the Clearlake Oaks County Water District (the "District"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;
2. under Section 3.02 of this Trust Agreement, the Trust Administrator is hereby requested to disburse this date, from the Construction Fund established under this Trust Agreement, to the payees set forth on Attachment I attached hereto and by this reference incorporated herein, at the addresses identified thereon, the amount set forth opposite such payee for payment of Construction Costs;
3. the amounts to be disbursed constitute Construction Costs, that said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the Authority or the District, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;
4. no amount set forth in this requisition was included in any requisition requesting disbursement previously filed with the Trust Administrator pursuant to Section 3.02 of this Trust Agreement;
5. insofar as such requisition relates to payment for work, materials, equipment or supplies, such work was actually performed, or such materials, equipment or supplies were actually installed in furtherance of the construction of the Project or delivered to the appropriate site for such purpose, or delivered for storage or fabrication at a place approved by the District;
6. if such requisition relates to payment to a contractor, that no liens have been imposed on the Project as a result of said construction except liens that have not yet ripened or that would attach by operation of law; and

7. any capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in this Trust Agreement.

Dated: _____, 20__

CLEARLAKE OAKS COUNTY WATER
DISTRICT

By: _____

Title: _____

As Acknowledged by:
United States of America,
*acting through Rural Utilities Service, United
States Department of Agriculture*

By _____
Authorized Officer

ATTACHMENT I

Payee Name and Address

Purpose of Obligation

Amount

INSTALLMENT SALE AGREEMENT

Dated as of March 1, 2021

by and between the

**CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY,
as Seller**

and the

**CLEARLAKE OAKS COUNTY WATER DISTRICT,
as Purchaser**

Relating to

**\$5,000,000
CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY
(Clearlake Oaks County Water District)
SERIES 2021 WATER REVENUE CERTIFICATE OF PARTICIPATION
(Water System Improvement Project)
BANK QUALIFIED**

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INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT, dated as of March 1, 2021, by and between the CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as seller (the "Authority"), and the CLEARLAKE OAKS COUNTY WATER DISTRICT, a county water district duly organized and validly existing under the constitution and laws of the State of California, as purchaser (the "District");

WITNESSETH:

WHEREAS, the District wishes to finance the acquisition and construction of certain improvements to its water system (the "Water System"), as more particularly described in Exhibit A hereto (the "Project"); and

WHEREAS, the Authority has been formed for the purpose, among others, of assisting municipalities such as the District in the financing of public capital improvements within or of benefit to the District; and

WHEREAS, to that end, the Authority will cause the execution and delivery of Series 2021 Water Revenue Certificates in the principal amount of \$5,000,000 (the "Certificates"), and apply the proceeds of the sale thereof to the acquisition and construction of the Project; and

WHEREAS, the District has determined to purchase the Project from the Authority pursuant to this Installment Sale Agreement; and

WHEREAS, the District will make installment payments pursuant to this Installment Sale Agreement (the "Installment Payments") from the Net Revenues (as defined herein) of the Water System in order to purchase the Project from the Authority; and

WHEREAS, the Authority will assign its right to receive Installment Payments to the General Manager of the Clearlake Oaks County Water District, as trust administrator, pursuant to an Assignment Agreement, dated as of March 1, 2021 (the "Assignment Agreement") for the benefit of the Owners (as defined herein) of the Certificates;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

GENERAL

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in the Trust Agreement, dated as of March 1, 2021, by and among the General Manager of the Clearlake Oaks County Water District, as Trust Administrator, the Authority and the District, shall, for all purposes of this Installment Sale Agreement, have the meanings specified therein.

Section 1.02. Representations, Covenants and Warranties. The District and the Authority represent, covenant and warrant to each other as follows:

- (a) Each is validly organized and existing under the laws of the State.
- (b) The laws of the State authorize each to enter into this Installment Sale Agreement and the Trust Agreement and to enter into the transactions contemplated by and to carry out its obligations under each of the aforesaid agreements, and each is duly authorized to execute such agreements.
- (c) The execution and delivery of this Installment Sale Agreement, the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, and the consummation of the transactions contemplated by this Installment Sale Agreement and the Trust Agreement do not conflict with and do not result in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which either is now a party or by which either is bound or constitutes a default under any such agreement or instrument.
- (d) Each has duly executed this Installment Sale Agreement and the Trust Agreement in accordance with the laws of the State.
- (e) The Project has not been the subject of a previous conveyance by the District.
- (f) The District has not issued or incurred any obligations which are currently outstanding having any priority in payment out of the Gross Revenues or the Net Revenues over the payment of the Installment Payments as provided herein.

Section 1.03. Written Certificates.

- (a) **Contents.** Every Written Certificate provided for in this Installment Sale Agreement with respect to compliance with any provision hereof (other than Written Certificates delivered on the Closing Date) shall include (a) a statement that the person making or giving such Written Certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Written Certificate is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; (d) a statement of the assumptions upon which such Written Certificate is based,

and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

(b) Reliance. Any such Written Certificate made or given by a District Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such District Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such Written Certificate may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the District, as the case may be) upon a certificate or opinion of or representation by a District Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based is erroneous. The same District Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Installment Sale Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.04. Exhibits. The following Exhibits are attached to, and by this reference are made a part of, this Installment Sale Agreement:

- Exhibit A: Project Description**
- Exhibit B: Installment Payments Schedule**

ARTICLE II

DEPOSITS; PAYMENTS; CONSTRUCTION

Section 2.01. Deposit of Moneys. The Authority shall cause to be deposited with the Trust Administrator, the amounts derived, from time to time, as advances of the proceeds of the Certificates (to be an aggregate of not to exceed \$5,000,000) in the funds as provided in the Trust Agreement.

Section 2.02. Payment of Construction Costs and Delivery Costs. Payment of the Construction Costs and Delivery Costs shall be made from the moneys deposited with the Trust Administrator in the Construction Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Sections 3.02 and 3.03, respectively, of the Trust Agreement. The District hereby covenants to pay necessary Construction Costs and Delivery Costs in excess of amounts available from Certificates proceeds from any legally available source of funds.

Section 2.03. Unexpended Proceeds. In accordance with Section 3.04 of the Trust Agreement, all excess moneys remaining in the Construction Fund and not required for payment of Construction Costs shall be transferred to the Installment Payment Fund and applied to the prepayment of Certificates.

Section 2.04. Construction of Project. The Authority hereby appoints the District as its agent to acquire and construct the Project.

ARTICLE III

PROJECT SALE AND TITLE; INSTALLMENT PAYMENTS; NET REVENUES

Section 3.01. Sale. The Authority hereby sells, bargains and conveys the Project to the District, and the District hereby purchases the Project from the Authority upon the terms and conditions set forth in this Installment Sale Agreement.

Section 3.02. Title. The District and the Authority agree that title to the Project, and each component thereof, shall be deemed conveyed to and vested in the District upon the completion of the acquisition, construction and installation thereof. The Authority and its officers shall take all actions necessary to vest in the District all of the Authority's rights in and title to the Project.

Section 3.03. Assignment by the Authority. The Authority's right, title and interest in this Installment Sale Agreement, including the right to receive and enforce payment of the Installment Payments to be made by the District under this Installment Sale Agreement, have been assigned to the Trust Administrator, subject to certain exceptions, pursuant to the Assignment Agreement, to which assignment the District hereby consents. The District understands and agrees that the Authority has assigned its right, title and interest (but not its duties or obligations) in this Installment Sale Agreement to the Trust Administrator pursuant to the Assignment Agreement for the benefit of the Owners of the Certificates. The Authority hereby directs the District, and the District hereby agrees, to pay to the Trust Administrator at the Trust Administrator's Trust Office or at such other place as the Trust Administrator shall direct in writing, all payments payable by the District pursuant to this Installment Sale Agreement.

Section 3.04. Term of the Installment Sale Agreement. The Term of the Installment Sale Agreement shall be as provided in the Trust Agreement.

Section 3.05. Installment Payments.

(a) **Obligation to Pay.** The District agrees to pay to the Authority, its successors and assigns, as the purchase price of the Project, the Installment Payments, consisting of components of principal and interest, on the Installment Payment Dates and in the amounts specified in Exhibit B hereto, except such amounts shall be reduced by moneys on deposit in the Installment Payment Fund and credited to the payment of Installment Payments next due; provided that the amount of the respective Installment Payments shall remain subject to modification to reflect the facts that (a) the corresponding proceeds received from the Government on account of the sequential purchase of the Certificates will be received in installments, with the result that interest components of the Installment Payments will be less than shown in Exhibit B for the period during which such proceeds are being received from the Government, and (b) the aggregate principal amount of the proceeds received from the Government may ultimately be less than the \$5,000,000 Principal Amount of the Certificates, in which case both the principal installments and the interest installments shown in Exhibit B will be modified to correspond to the actual aggregate principal amount received. The Installment Payments shall be payable solely from Net Revenues as hereinafter provided.

(b) **Reduction upon Partial Prepayment.** In the event the District prepays less than all of the remaining principal components of the Installment Payments pursuant to Sections 4.02 and 4.03 hereof, the amount of such prepayment shall be applied to reduce the principal component of the subsequent remaining Installment Payments in any manner as directed by the District in a Written Certificate and the interest component of each subsequent remaining Installment Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates redeemed as a result of such prepayment.

(c) **Rate on Overdue Payments.** In the event the District should fail to make any of the payments required in this Section 3.05 so that there are insufficient moneys on hand in the Installment Payment Fund to pay any Installment Payment in full on an Installment Payment Date, the Installment Payment in default shall continue as an obligation of the District until the amount in default shall have been fully paid and the District agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable with respect to the Certificates.

Section 3.06. Special Obligation of the District.

(a) **Limitations.** The District's obligation to pay the Installment Payments shall be a special obligation limited solely to Net Revenues. Under no circumstances shall the District be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of the District be liable for the payment of the Installment Payments.

(b) **Obligations Unconditional.** Subject to Section 3.06(a), the obligations of the District to make the Installment Payments from Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any

defense or any right of set-off, counterclaim or recoupment arising out of any breach of the District, the Authority or the Trust Administrator of any obligation to the District or otherwise with respect to the Project, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Authority or the Trust Administrator.

(c) Obligations Specified. Until such time as all the Installment Payments shall have been fully paid or prepaid, the District:

(i) will not suspend, abate, or discontinue any payments specified in Section 3.05 hereof;

(ii) will perform and observe all other agreements contained in this Installment Sale Agreement; and

(iii) will not terminate the Term of the Installment Sale Agreement for any cause, including, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Authority or the Trust Administrator to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement, the Assignment Agreement or this Installment Sale Agreement.

(d) Authority Obligations. Nothing contained in this Section 3.06 shall be construed to release the Authority from the performance of any of the agreements on its part herein contained, and in the event the Authority shall fail to perform any such agreements on its part, the District may institute such action against the Authority as the District may deem necessary to compel performance so long as such action does not abrogate the obligations of the District contained in Section 3.06(b) above. The District may, however, at the District's own cost and expense and in the District's own name or in the name of the Authority prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to secure or protect the District's right of possession, occupancy and use hereunder, and in such event the Authority hereby agrees to cooperate fully with the District and to take such action necessary to effect the substitution of the District for the Authority in such action or proceeding if the District shall so request.

Section 3.07. Pledge of Net Revenues; Transfer to Pay Installment Payments; Release from Lien.

(a) Pledge of Net Revenues. The District hereby agrees that the payment of the Installment Payments shall be secured by a first pledge, charge and lien upon Net Revenues which pledge, charge and lien are on a parity with any Parity Debt, and Net Revenues sufficient to pay the Installment Payments as they become due and payable are hereby pledged, charged, assigned, transferred and set over by the District to the Authority and its assigns for the purpose of securing

payment of the Installment Payments. The Net Revenues shall constitute a trust fund for the security and payment of the Installment Payments.

(b) Transfer to Pay Installment Payments. In order to provide for the payment of Installment Payments when due, the District shall, on or before each Installment Payment Date, transfer to the Trust Administrator for deposit into the Installment Payment Fund the amount indicated in Exhibit B attached hereto as required for the next occurring Installment Payment Date. Notwithstanding Exhibit B attached hereto, the District shall be obligated to make Installment Payments sufficient to pay all principal and interest due with respect to the Certificates.

(c) Release from Lien. Following the transfers described in paragraph (b) of this Section 3.07 with respect to Net Revenues allocable to such Fiscal Year in excess of amounts required for the payment of Parity Debt, if any issued or incurred in accordance with Section 3.09(b), and for the replenishment of the Reserve Fund in such Fiscal Year shall be released from the lien of this Installment Sale Agreement and shall be available for any lawful purpose of the District.

Section 3.08. Rate Covenant. The District hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the Water System which, after allowances for contingencies and error in the estimates, shall produce Gross Revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times (i) the Installment Payments coming due and payable during such Fiscal Year, (ii) all payments required with respect to Parity Debt and (iii) amounts required to replenish the Reserve Fund, as required by Section 6.06 of the Trust Agreement.

Section 3.09. Limitations on Future Obligations Secured by Net Revenues.

(a) No Obligations Superior to Installment Payments. In order to protect further the availability of the Net Revenues and the security for the Installment Payments and any Parity Debt, the District hereby agrees that the District shall not, so long as any Certificates are outstanding, issue or incur any obligations payable from Gross Revenues or Net Revenues superior to the Installment Payments or any Parity Debt.

(b) Parity Debt. The District further covenants that, except for obligations issued or incurred to prepay the Installment Payments in full pursuant to Section 4.02 hereof, the District shall not issue or incur any Parity Debt unless:

(i) The District is not in default under the terms of this Installment Sale Agreement;

(ii) Net Revenues, calculated on sound accounting principles, either (i) as shown by the books of the District for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the District, or (ii) as shown by the books of the District for any more recent twelve (12) month period selected by the District, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the District, plus in either case (at the option of the District) the Additional Revenues, shall be at least equal to one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service on all outstanding Parity Obligations and the Parity Obligations to be issued.

(iii) At the discretion of the District, a reserve fund shall be funded for such proposed Parity Debt which may be at least equal to the amount resulting from the application on the closing date of such Parity Debt of the formula contained in the definition of "Reserve Requirement."

(iv) So long as all of the Outstanding Certificates are held by the Original Purchaser, the prior written consent of such Original Purchaser shall have been obtained.

Section 3.10. Additional Payments. In addition to the Installment Payments, the District shall pay, from Net Revenues, when due all costs and expenses incurred by the Authority to comply with the provisions of the Trust Agreement and this Installment Sale Agreement, including, without limitation all Delivery Costs (to the extent not paid from amounts on deposit in the Construction Fund), compensation due to the Trust Administrator for its fees, costs and expenses incurred under the Trust Agreement and the Assignment Agreement and all costs and expenses of attorneys, auditors, engineers and accountants.

Section 3.11. Payments to Reserve Fund. In addition to the Installment Payments, the District shall pay to the Trust Administrator from Net Revenues for deposit in the Reserve Fund (a) each month an amount equal to \$1,387.50, and (b) such amounts as shall be required to replenish the Reserve Fund in the event of a draw therefrom or a valuation determines that a deficiency exists therein, all in accordance with Section 6.06 of the Trust Agreement; provided, however, that in the event the amount on deposit in the Reserve Fund reaches the Reserve Requirement, the District shall discontinue the aforesaid payments to the Reserve Fund (except to the extent necessary to replenish the Reserve Fund in the event that the balance therein drops below the Reserve Requirement) and any further interest earnings on the Reserve Fund shall be allocated under Section 8.03 of the Trust Agreement.

Section 3.12. Payments to Short-Lived Assets Reserve Fund. In addition to the Installment Payments, the District shall pay to the Trust Administrator from Net Revenues an initial amount of \$47,017 into the Short-Lived Assets Reserve Fund on or before the Closing Date, and shall annually (by not later than June 30 of each year) thereafter deposit into the Short-Lived Assets Reserve Fund the amount of \$47,017 from Net Revenues in the order of priority set forth in Section 5.04 of the Trust Agreement for as long as any of the Certificates remain outstanding.

The District may withdraw amounts on deposit in the Short-Lived Assets Reserve Fund from time to time to pay for timely replacement of "short-lived assets" of the Water System, which for purposes of this Section shall mean any component or assets of the Water System, including without limitation pumps, paint and small equipment, that will need to be repaired or replaced over a one to fifteen-year period, the cost of which is not included within the definition of Operation and Maintenance Costs.

Notwithstanding the foregoing, before each June 30 the District shall evaluate the status and condition of short-lived assets of the Water System and, if such evaluation suggests that a lesser or greater deposit is required in order to provide for the timely replacement of any short-lived assets, the District may upon consultation by the District with the Government decrease the amount of the annual deposit into the Short-Lived Assets Reserve Fund if a lesser amount is indicated, but shall increase the amount of the annual deposit in to the Short-Lived Assets Reserve Fund if a greater amount is indicated.

ARTICLE IV

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 4.01. Prepayment. The District shall have the right to prepay the Installment Payments, but only in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

Section 4.02. Optional Prepayment. Subject to the terms and conditions of this Section 4.02, the Authority hereby grants an option to District to prepay the Installment Payments in full, by paying the total unpaid principal component of the Installment Payments as set forth in Exhibit B or in part, but not in an amount of less than the Denomination Amount or any integral multiple thereof, at any one time. Said option may be exercised on any date following written notice by the District to the Authority and the Trust Administrator of the exercise of such option at least sixty (60) days prior to date designated for prepayment. Such option shall be exercised in the event of prepayment in full, by depositing with the Trust Administrator by the applicable prepayment date cash in an amount sufficient to pay the total unpaid principal component of the Installment Payments as set forth in Exhibit B, together with any Installment Payments then due but unpaid together with accrued interest to the prepayment date, or, in the event of prepayment in part, by depositing with the Trust Administrator by the applicable date of prepayment, an amount divisible by the Denomination Amount equal to the amount desired to be prepaid together with any Installment Payments then due but unpaid together with accrued interest on the amount to be prepaid to the prepayment date.

In the event of prepayment in part, the Authority or District shall revise the Exhibit B Schedule of Installment Payments, which schedule shall take into account such prepayment and shall be and become for all purposes thereafter the "Amended Exhibit B to the Installment Sale Agreement."

Section 4.03. Mandatory Prepayment from Net Proceeds of Insurance or Condemnation and from Unexpended Proceeds. The District shall be obligated to prepay the Installment Payments in whole or in part on any Installment Payment Date from and to the extent of (a) any Net Proceeds of any insurance or condemnation award theretofore deposited in the Installment Payment Fund for such purpose pursuant to Section 5.07 hereof or pursuant to Section 7.02 of the Trust Agreement; and (b) from any excess monies remaining in the Construction Fund and not required for payment of Construction Costs ("Unexpended Proceeds"). The District and the Authority hereby agree that such Net Proceeds and Unexpended Proceeds shall be credited towards the District's obligations under this Section 4.03. Except in the case of such prepayment of the Installment Payments in full, such payment shall be in addition to the Installment Payment required to be paid by the District on such date.

Section 4.04. Credit for Amounts on Deposit. In the event the District elects or is required to prepay the Installment Payments in full under this Article IV, such that the Trust Agreement shall be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Installment Payment Fund, the Construction Fund or the Reserve Fund shall be credited towards the amounts required to be so prepaid.

Section 4.05. Security Deposit. Notwithstanding any other provision of this Installment Sale Agreement, the District may, on any date, secure the payment of Installment Payments by a deposit with the Trust Administrator, as escrow holder under an escrow deposit and trust agreement as referenced in Section 14.01(d) of the Trust Agreement, of:

(a) **All Installment Payments.** in the case of a security deposit relating to all Installment Payments, either (i) an amount which, together with amounts on deposit in the Installment Payment Fund and the Reserve Fund, is sufficient to pay all 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) Discharge Obligations, together with cash, if required, in such amount as will, in the opinion of nationally-recognized bond counsel and of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Discharge Obligations then on deposit in the Installment Payment Fund and the Reserve Fund, be fully sufficient to pay all unpaid Installment Payments on their Installment Payment Date; or

(b) **Portion of Installment Payments.** in the case of a security deposit relating to a portion of the Installment Payments both (i) a Written Certificate executed by a District Representative designating the portion of the Installment Payments to which the deposit pertains, and (ii) cash or Discharge Obligations, in such amount as will, together with interest to be received thereon, if any, and an allocable portion of amounts on deposit in the Installment Payment Fund and the Reserve Fund, be fully sufficient in the opinion of an independent certified public accountant, to pay the portion of the Installment Payments designated in the aforesaid District Representative's Written Certificate.

(c) **Effect.** In the event of a deposit pursuant to this Section 4.05, all obligations of the District under this Installment Sale Agreement pertaining to the portion of the Installment Payments for which the deposit has been made shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all Installment Payments, or the portion of Installment Payments to which the deposit pertains, from the deposit made by District pursuant to this Section 4.05. Such deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Installment Sale Agreement; and further provided that any security deposit relating to the Project shall not affect the covenant of the District contained in Section 3.09 hereof in the event such security deposit is insufficient to pay or prepay all Installment Payments relating to the Project when and as the same become due and payable. Upon said deposit, the Authority will execute or cause to be executed any and all documents as may be necessary to release the security provided hereby to the extent of such deposit.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.01. Maintenance, Taxes and Assessments, Contests.

(a) **Operation.** The District covenants to operate the Water System in an efficient and economical manner and operate, maintain and preserve the Water System in good repair and working order in accordance with customary standards and practices applicable to similar facilities

(b) **Taxes and Assessments.** The District shall also pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or the District or levied, assessed or charged against the Water System or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District shall be obligated to pay only such installments as are required to be paid during the Term of the Installment Sale Agreement as and when the same become due.

(c) **Contest.** The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments and charges and, in the event of any such contest, may permit the taxes, assessments or charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items, the Project or any part thereof will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 5.02. Modification of Project. The District shall, at its own expense, have the right to remodel the Project or to make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Project and be subject to the provisions of this Installment Sale Agreement. Such additions, modifications and improvements shall not in any way damage the Project or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Project, upon completion of any additions, modifications and improvements made pursuant to this Section 5.02, shall be of a value which is not substantially less than the value of the Project immediately prior to the making of such additions, modifications and improvements.

Section 5.03. Installation of District's Equipment. The District may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Project. All such items shall remain the sole property of the District, in which neither the Authority nor the Trust Administrator shall have any interest, and may be modified or removed by the District at any time provided that the District shall repair and restore any and all damage to the Project resulting from the installation, modification or removal of any such items. Nothing in this Installment Sale Agreement shall prevent the District from purchasing items to be installed pursuant to this Section 5.03 under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof.

Section 5.04. Public Liability and Property Damage Insurance.

(a) **Insurance Policies.** The District shall maintain or cause to be maintained, throughout the Term of the Installment Sale Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the District, its members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Water System (but only if such insurance is available at reasonable cost on the open market from reputable insurance companies). Such policy or policies shall afford protection in such amounts, with such deductibles, as are usually

covered in connection with operations similar to the Water System. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the District, and may be maintained in the form of insurance maintained through a nonprofit public benefit corporation created for such purpose or in the form of self-insurance by the District.

(b) **Self-Insurance.** If the District shall maintain self-insurance, it shall supply to the Trust Administrator a statement of sufficiency by an independent insurance consultant or the District's risk manager on an annual basis as described in Section 5.06 hereof.

(c) **Application of Net Proceeds.** The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.05. Fire and Extended Coverage Insurance.

(a) **Insurance Policies.** The District shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Installment Sale Agreement, insurance against loss or damage to any above-ground structures, including District-owned equipment and machinery housed therein, constituting any part of the Water System by fire and lightning, with extended coverage insurance but not including earthquake insurance. Such insurance need not include reservoirs, standpipes and elevated tanks. Such insurance shall be in an amount which is not less than 100% of the replacement cost of the Project. Such insurance may be subject to a deductible clause of not to exceed ten percent of said replacement cost for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the District, and may be maintained in the form of insurance maintained through a nonprofit public benefit corporation created for such purpose or in the form of self-insurance by the District.

(b) **Self-Insurance.** If the District shall maintain self-insurance, it will supply to the Trust Administrator a statement of sufficiency by an independent insurance consultant or the District's risk manager on an annual basis as described in Section 5.06 hereof.

(c) **Application of Net Proceeds.** Net Proceeds of such insurance shall be applied as provided in Section 5.07 hereof.

Section 5.06. Insurance Net Proceeds; Form of Policies. The insurance required by Section 5.05 hereof shall provide that all applicable proceeds thereunder shall be payable to the Trust Administrator for the benefit of the Certificate Owners. The District shall pay or cause to be paid when due the premiums for all insurance policies required by this Installment Sale Agreement. All such policies shall provide that the Authority and the Trust Administrator are named as additional insureds and that the Trust Administrator shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trust Administrator shall not be responsible for the sufficiency of any insurance herein required or for the obtaining of such insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the District. The District shall cause to be delivered to the Trust Administrator annually, no later than the end of each Fiscal Year, a Written Certificate signed by a District Representative stating that the District is in

compliance with Sections 5.04 and 5.05 of this Agreement. The Trust Administrator may conclusively rely on such Written Certificates.

Section 5.07. Application of Net Proceeds.

(a) **From Insurance Award.** The Net Proceeds of any insurance award resulting from any damage to or destruction of the Project by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trust Administrator promptly upon receipt thereof and, if the District Representative notifies the Trust Administrator in writing of the District's determination that the replacement, repair, restoration, modification or improvement of the Project is not economically feasible or in the best interest of the District, then such Net Proceeds shall be promptly transferred by the Trust Administrator to the Installment Payment Fund to be applied as provided in Section 4.03 hereof. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Project by the District, upon receipt of a requisition, signed by the District Representative and, so long as all of the Outstanding Certificates are held by the Original Purchaser, the Owner of the Certificates stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Installment Payment Fund. The District covenants that it will commence such replacement, repair, restoration, modification or improvement or indicate that such replacement, repair, restoration, modification or improvement is not economically feasible within 180 days of receipt of such Net Proceeds.

(b) **From Eminent Domain Award.** The Net Proceeds of any eminent domain award shall be deposited in the Insurance and Condemnation Fund to be held and applied by the Trust Administrator pursuant to Section 7.02 of the Trust Agreement.

Section 5.08 Advances. If the District shall fail to perform any of its obligations under this Article V, the Authority may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as soon as possible, with interest at the rate of interest with respect to the Certificates from the date of the advance to the date of repayment.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS; INDEMNITY

Section 6.01. Disclaimer of Warranties. The Authority makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District for the Project, or any other representation or warranty with respect to the Project or any item thereof. In no event shall the Authority be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Installment Sale Agreement or the Trust Agreement for the existence, furnishing, functioning or District's use of the Project.

Section 6.02. Access to the Project and Records. To the extent permitted by law, the District agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have the right at all reasonable times to enter upon and to examine and inspect the Project. The District further agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have such rights of access to the Project as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by the District to perform its obligations hereunder. In addition, the District agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have the right at all reasonable times to inspect and examine all books, papers and records of the Authority and the District pertaining to the Project and the Certificates, to make copies thereof and to take non-privileged memoranda therefrom or with respect thereto as may be desired.

Section 6.03. Indemnity. The District shall and hereby agrees to indemnify and save the Authority and its successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of: (a) the use, maintenance, condition or management of, or from any work or thing done on the Project by the District; (b) any breach or default on the part of the District in the performance of any of its obligations under this Installment Sale Agreement; (c) any act or negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (d) any act or negligence of any assignee or sublessee of the District with respect to the Project; or (e) the construction of the Project or the authorization of payment of the Construction Costs or Delivery Costs by the District or the Authority. No indemnification is made under this Section 6.03, or elsewhere in this Installment Sale Agreement for willful misconduct, negligence, or breach of duty under this Installment Sale Agreement by the Authority, its officers, agents, employees, successors or assigns.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default Defined. The following shall be "events of default" under this Installment Sale Agreement and the terms "events of default" and "default" shall mean, whenever they are used in this Installment Sale Agreement, any one or more of the following events:

(a) Failure by the District to pay any Installment Payment by the Installment Payment Date or failure to make any other payment required to be paid hereunder at the time specified herein; or

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Installment Sale Agreement or the Trust Agreement, other than as referred to in clause (a) of this Section 7.01, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Authority, the Trust Administrator or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Certificates then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority, the Trust Administrator or such Owners, as applicable, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected; or

(c) The filing by the District of a petition or answer 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 the approval by a court of competent jurisdiction of a petition filed with or without 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, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property; or

(d) An event of default shall have occurred and be continuing with respect to any Parity Debt.

Section 7.02. Remedies on Default. Whenever any event of default referred to in Section 7.01 hereof shall have happened and be continuing, the Authority shall have the right, at its option and without any further demand or notice, to:

(a) declare all principal components of the unpaid Installment Payments, together with accrued interest at the rate or rates specified in the respective Outstanding Certificates from the immediately preceding Installment Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall become due and payable; and

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of the Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Installment Sale Agreement.

Section 7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VII it shall not be necessary to give any notice, other than such notice as may be required in this Article VII or by law.

Section 7.04. Prosecution and Defense of Suits. The District shall promptly, upon request of the Authority or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify or cause to be indemnified the Authority and its assignee for all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

To the extent permitted by law, the District shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against the Authority or its assignee upon any claim arising out of the receipt, application or disbursement of any of the Net Revenues or involving the rights or duties of the

Authority or its assignee under this Installment Sale Agreement or the Trust Agreement; provided, that the Authority and its assignee at their election may appear in and defend any such suit, action or proceeding. The District shall indemnify or cause to be indemnified the Authority and its assignee against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though all Installment Payments have been fully paid and satisfied, until a date which is three (3) years following the payment of the last of the Installment Payments.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. Application of the Proceeds. The Trust Administrator, as assignee of the Authority, shall apply all amounts received under this Article VII as set forth in Section 13.03 of the Trust Agreement.

Section 7.07. Liability Limited to Net Revenues. Notwithstanding any provision of this Installment Sale Agreement, the District's liability to pay the Installment Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Sections 3.06 and 3.07 hereof. In the event that Net Revenues shall be insufficient at any time to pay an Installment Payment in full, the District shall not be liable to pay or prepay such Installment Payment other than from Net Revenues.

Section 7.08. Trust Administrator and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VII have been assigned by the Authority to the Trust Administrator under the Assignment Agreement, to which assignment the District hereby consents. Such rights and remedies shall be exercised by the Trust Administrator and the Owners of the Certificates as provided in the Trust Agreement.

Section 7.09. Pro Rata Application of Net Revenues. If, at any time, there is a deficiency in Net Revenues available to pay the Installment Payments, any amounts due with respect to Parity Debt, amounts required to replenish the Reserve Fund or amounts required to replenish any reserve fund established for Parity Debt, available Net Revenues shall be applied on a pro rata basis to the payment of such Installment Payments and to the payment of amounts due with respect to Parity Debt, then to the replenishment of the Reserve Fund and to the replenishment of any reserve fund established for Parity Debt.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Assignment, Sale or Lease by the District.

(a) **Assignment or Sale.** This Installment Sale Agreement may not be assigned by the District, and the Water System may not be sold by the District during the Term of this Installment Sale Agreement.

(b) **Lease.** The District may lease the Project, or any portion thereof, with the consent of the Owner of the Certificates so long as all of the Outstanding Certificates are held by the Original Purchaser thereof, and subject to all of the following conditions:

(i) This Installment Sale Agreement and the obligation of the District to make Installment Payments hereunder shall remain obligations of the District;

(ii) The District shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trust Administrator a true and complete copy of the documents accomplishing such lease;

(iii) No such lease by the District shall cause the Project to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State; and

(iv) No such lease shall cause the interest component of the Installment Payments to become subject to federal income taxes or State personal income taxes.

Section 8.02. Amendment of Installment Sale Agreement. The District will not alter, modify or cancel or agree or consent to alter, modify or cancel this Installment Sale Agreement, except as permitted by Article X of the Trust Agreement, without the written consent of the Trust Administrator and the Authority.

Section 8.03. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Authority and the District and their respective successors and assigns.

Section 8.04. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.05. Severability. In the event any provision of this Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.06. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article or Section of this Installment Sale Agreement.

Section 8.07. Net Contract. This Installment Sale Agreement shall be deemed and construed to be a "net contract" and the District hereby agrees that the Installment Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 8.08. Further Assurances and Corrective Instruments. The Authority and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby sold or intended so to be or for carrying out the expressed intention of this Installment Sale Agreement.

Section 8.09. Authority and District Representatives. Whenever under the provisions of this Installment Sale Agreement the approval of the Authority or the District is required, or the Authority or the District is required to take some action at the request of the other, such approval or such request shall be given for the Authority by a Authority Representative and for the District by a District Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 8.10. Notices. All notices, Written Certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail with postage fully prepaid:

If to the District:	Clearlake Oaks County Water District 12952 East Highway 20 Clearlake Oaks, CA 95423 Attention: General Manager
If to the Authority:	California Municipal Public Financing Authority 20 South Santa Cruz Avenue, Suite 300 Los Gatos, CA 95030 Attention: Executive Director
If to the Trust Administrator:	General Manager Clearlake Oaks County Water District 12952 East Highway 20 Clearlake Oaks, CA 95423 Attention: General Manager
If to the Government:	Rural Development, United States Department of Agriculture 777 Sonoma Ave "E" St Annex Santa Rosa, CA 95404 Attention: Area Specialist

And

Rural Development, United States
Department of Agriculture
430 G Street, Suite 4169
Davis, CA 95616
Attention: Community Programs Specialist

The Authority, the District, the Trust Administrator and the Government, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 8.11. Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature Page to Follow on Next Page]

IN WITNESS, the Authority has caused this Installment Sale Agreement to be executed in its corporate name by its duly authorized officer and sealed with its corporate seal; and the District has caused this Installment Sale Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

CALIFORNIA MUNICIPAL PUBLIC
FINANCING AUTHORITY, *as Seller*

By _____
Chair

CLEARLAKE OAKS COUNTY
WATER DISTRICT, *as Purchaser*

By _____
General Manager

Attest:

By _____
Secretary

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project includes the new construction of a new distribution pipeline system, installation of a new aeration system as well as clarifiers and backflow devices, as more specifically described in the Preliminary Engineering Report, dated May 8, 2020, prepared by or on behalf of the District, as submitted to the Government in connection with the application of the District to Government for the financing of a portion of the cost and expense of said improvements (subject to such modifications to the subject improvement project as may be approved by Government during the course of construction), as well as any necessary lands, rights of way and other real or personal property useful in connection therewith, together with all additions, extensions, expansions, improvements and betterments thereto and equipments thereof, together with such other or additional Water System improvements as may be agreed to between the Government and the District.

EXHIBIT B

SCHEDULE OF INSTALLMENT PAYMENTS*

*The following schedule is subject to modification by the actual advances made by the Original Purchaser, as evidenced in the form of single Certificate. Such evidence of advances shall, in all cases, be controlling.

Installment Payment Date	Principal	Interest Rate	Interest	Installment Payments
09/01/2021	\$--	1.250%	\$5,439	\$5,439
03/01/2022	94,600	1.250%	27,383	121,983
09/01/2032	--	1.250%	30,659	30,659
03/01/2023	95,900	1.250%	30,659	126,559
09/01/2023	--	1.250%	30,059	30,059
03/01/2024	97,200	1.250%	30,059	127,259
09/01/2024	--	1.250%	29,452	29,452
03/01/2025	98,600	1.250%	29,452	128,052
09/01/2025	--	1.250%	28,836	28,836
03/01/2026	99,900	1.250%	28,836	128,736
09/01/2026	--	1.250%	28,211	28,211
03/01/2027	101,300	1.250%	28,211	129,511
09/01/2027	--	1.250%	27,578	27,578
03/01/2028	102,700	1.250%	27,578	130,278
09/01/2028	--	1.250%	26,936	26,936
03/01/2029	104,100	1.250%	26,936	131,036
09/01/2029	--	1.250%	26,286	26,286
03/01/2030	105,500	1.250%	26,286	131,786
09/01/2030	--	1.250%	25,626	25,626
03/01/2031	107,000	1.250%	25,626	132,626
09/01/2031	--	1.250%	24,958	24,958
03/01/2032	108,400	1.250%	24,958	133,358
09/01/2032	--	1.250%	24,280	24,280
03/01/2033	109,900	1.250%	24,280	134,180
09/01/2033	--	1.250%	23,593	23,593
03/01/2034	111,400	1.250%	23,593	134,993
09/01/2034	--	1.250%	22,897	22,897
03/01/2035	113,000	1.250%	22,897	135,897
09/01/2035	--	1.250%	22,191	22,191
03/01/2036	114,500	1.250%	22,191	136,691
09/01/2036	--	1.250%	21,475	21,475
03/01/2037	116,100	1.250%	21,475	137,575
09/01/2037	--	1.250%	20,749	20,749

03/01/2038	117,700	1.250%	20,749	138,449
09/01/2038	--	1.250%	20,014	20,014
03/01/2039	119,300	1.250%	20,014	139,314
09/01/2039	--	1.250%	19,268	19,268
03/01/2040	121,000	1.250%	19,268	140,268
09/01/2040	--	1.250%	18,512	18,512
03/01/2041	122,600	1.250%	18,512	141,112
09/01/2041	--	1.250%	17,746	17,746
03/01/2042	124,300	1.250%	17,746	142,046
09/01/2042	--	1.250%	16,969	16,969
03/01/2043	126,000	1.250%	16,969	142,969
09/01/2043	--	1.250%	16,181	16,181
03/01/2044	127,700	1.250%	16,181	143,881
09/01/2044	--	1.250%	15,383	15,383
03/01/2045	129,500	1.250%	15,383	144,883
09/01/2045	--	1.250%	14,574	14,574
03/01/2046	131,300	1.250%	14,574	145,874
09/01/2046	--	1.250%	13,753	13,753
03/01/2047	133,100	1.250%	13,753	146,853
09/01/2047	--	1.250%	12,921	12,921
03/01/2048	134,900	1.250%	12,921	147,821
09/01/2048	--	1.250%	12,078	12,078
03/01/2049	136,800	1.250%	12,078	148,878
09/01/2049	--	1.250%	11,223	11,223
03/01/2050	138,600	1.250%	11,223	149,823
09/01/2050	--	1.250%	10,357	10,357
03/01/2051	140,600	1.250%	10,357	150,957
09/01/2051	--	1.250%	9,478	9,478
03/01/2052	142,500	1.250%	9,478	151,978
09/01/2052	--	1.250%	8,588	8,588
03/01/2053	144,500	1.250%	8,588	153,088
09/01/2053	--	1.250%	7,684	7,684
03/01/2054	146,400	1.250%	7,684	154,084
09/01/2054	--	1.250%	6,769	6,769
03/01/2055	148,500	1.250%	6,769	155,269
09/01/2055	--	1.250%	5,841	5,841
03/01/2056	150,500	1.250%	5,841	156,341
09/01/2056	--	1.250%	4,901	4,901
03/01/2057	152,600	1.250%	4,901	157,501
09/01/2057	--	1.250%	3,947	3,947
03/01/2058	154,700	1.250%	3,947	158,647
09/01/2058	--	1.250%	2,980	2,980
03/01/2059	156,800	1.250%	2,980	159,780

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09/01/2059		1.250%	2,000	2,000
03/01/2060	159,000	1.250%	2,000	161,000
09/01/2060		1.250%	1,006	1,006
03/01/2061	161,000	1.250%	1,006	162,006
Totals	\$5,000,000	1.250%	\$1,364,740	\$6,505,467

ASSIGNMENT AGREEMENT

Dated as of March 1, 2021

by and between the

**CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY,
as Assignor**

and the

**GENERAL MANAGER OF THE
CLEARLAKE OAKS COUNTY WATER DISTRICT,
as Trust Administrator**

Relating to

**\$5,000,000
CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY
(Clearlake Oaks County Water District)
SERIES 2021 WATER REVENUE CERTIFICATE OF PARTICIPATION
(Water System Improvement Project)
BANK QUALIFIED**

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT, made and entered into as of March 1, 2021, by and between the CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California, as assignor (the "Authority"), and the GENERAL MANAGER OF THE CLEARLAKE OAKS COUNTY WATER DISTRICT, as trust administrator (the "Trust Administrator") under the hereinafter-defined Trust Agreement;

WITNESSETH:

WHEREAS, the Authority and the Clearlake Oaks County Water District (the "District"), have entered into an installment sale agreement, by and between the Authority and the District, dated as of March 1, 2021 (together with any amendments or supplements thereto, the "Installment Sale Agreement"), whereby the Authority has agreed to sell to the District, and the District has agreed to purchase from the Authority, certain improvements to the District's Water System, as more particularly described in the Installment Sale Agreement (as amended or modified from time to time, the "Project"), in the manner and on the terms set forth in the Installment Sale Agreement; and

WHEREAS, under the Installment Sale Agreement, the Authority is required to deposit or cause to be deposited with the Trust Administrator certain moneys to be credited, held and applied in accordance with a trust agreement by and among the Trust Administrator, the Authority and the District, dated as of March 1, 2021, together with any amendments or supplements thereto (the "Trust Agreement"); and

WHEREAS, upon delivery of the Installment Sale Agreement and the deposit of moneys by the Authority with respect thereto, the District is obligated to pay certain installment payments to the Authority or its assignee. For the purpose of obtaining the moneys required to be deposited with the Trust Administrator, the Authority is willing to assign and transfer its right, title and interest under the Installment Sale Agreement to the Trust Administrator for the benefit of the owners of the Series 2021 Water Revenue Certificates (the "Certificates") to be executed and delivered under the Trust Agreement, and in consideration of such assignment, the Trust Administrator is executing and delivering the Certificates to the Government as the purchaser thereof, the proceeds of which sale are anticipated by the Authority to be sufficient to provide the moneys required to be deposited by the Authority pursuant to the Installment Sale Agreement; and

WHEREAS, each of the parties hereto has authority to enter into this Assignment Agreement and has taken all actions necessary to authorize its officers to enter into it; and

WHEREAS, the capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Assignment. The Authority, for good and valuable consideration, does hereby irrevocably assign and transfer to the Trust Administrator, for the benefit of the Owners of the Certificates, all of its rights and interest in the Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including, without limitation, its rights to receive and collect Installment Payments from the District under the Installment Sale Agreement, its rights to the pledge of Net Revenues, the right to receive and collect any proceeds of any insurance maintained thereunder, or of any condemnation award rendered with respect to the Project and the right to exercise such rights and remedies as are conferred on the Authority by the Installment Sale Agreement as may be necessary to enforce payment of the Installment Payments when due or otherwise to protect its interests in the event of a default by the District. The Installment Payments shall be applied, and the rights so assigned shall be exercised, by the Trust Administrator as provided in the Trust Agreement for the benefit of the Owners of the Certificates.

Section 2. Acceptance. The Trust Administrator hereby accepts such assignment in trust for the purpose of securing, equally and proportionately, such payments and rights to the Owners of the Certificates delivered pursuant to the Trust Agreement, all subject to the provisions of the Trust Agreement.

Section 3. Conditions. This Assignment Agreement shall confer no rights and impose no duties upon the Trust Administrator beyond those expressly provided in the Trust Agreement.

[Signature Page to Follow on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their officers thereunto duly authorized as of the date in the first paragraph above.

CALIFORNIA MUNICIPAL PUBLIC FINANCING
AUTHORITY,
as Assignor

By: _____
Chair

GENERAL MANAGER OF THE CLEARLAKE
OAKS COUNTY WATER DISTRICT,
as Trust Administrator

By: _____
General Manager

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

RURAL UTILITY SERVICE

OFFER

Subject to the Certificate Specifications attached hereto as Exhibit A, the General Conditions attached hereto as Exhibit B, the Special Conditions attached hereto as Exhibit C, and the adoption of Form RD 1780-27, "Loan Resolution," the United States of America, hereinafter referred to as "the Government," hereby offers to make a loan in the sum of \$5,000,000 to the Clearlake Oaks County Water District, in Lake County, in the state of California (hereinafter called "Agency") in order to aid in the construction of the new Water System Improvement Project.

The loan herein provided for shall be made by purchase at par value of the Certificates in the sum of \$5,000,000 and bearing interest at the rate of 1. ___% per annum. In the event any other bidder offers to purchase any of the issue at a net interest rate of not more than 1. ___% per annum, that portion of the issue will not be purchased by the Government, and it will purchase the balance of said issue. In such event, it is understood that the obligations of the Agency set forth in the Installment Sale Agreement and Trust Agreement would apply as fully and to the same extent as if the entire issue were sold to the Government. In the event that no bid is received from any bidders within the terms herein specified, the entire issue will be purchased by the Government, subject to the conditions aforesaid.

Upon acceptance, this offer, together with all of the Exhibits attached hereto and Form RD 1780-27, "Loan Resolution," shall become the Agreement.

This offer must be accepted within 60 days from the date hereof.

Dated this ___th day of _____, 2021.

UNITED STATES OF AMERICA

by: _____
Acting Community Programs Director
USDA Rural Development
for the Rural Utility Service

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EXHIBIT A

FORM OF CERTIFICATE OF PARTICIPATION

No. R-1

*****\$5,000,000.00*****

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY
(Clearlake Oaks County Water District)
SERIES 2021 WATER REVENUE CERTIFICATE OF PARTICIPATION
(Water System Improvement Project)
BANK QUALIFIED**

INTEREST PAYMENT DATES	RATE OF INTEREST	DATED DATE
March 1 and September 1 as described below	1. __0%	March __, 2020

REGISTERED OWNER: UNITED STATES OF AMERICA, ACTING THROUGH RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

PRINCIPAL AMOUNT: FIVE MILLION DOLLARS

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Series 2021 Water Revenue Certificate of Participation (the "Certificate") is the owner of a direct, undivided fractional interest in installment payments (the "Installment Payments") payable under the Installment Sale Agreement dated as of March 1, 2021 (the "Installment Sale Agreement") by and between the CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and the CLEARLAKE OAKS COUNTY WATER DISTRICT (the "District"), a county water district, duly organized and validly existing under the laws of the State of California. The Installment Payments and certain other rights and interests under the Installment Sale Agreement have been assigned to the General Manager of the District, as trust administrator (the "Trust Administrator"), having an office in the location described in the Trust Agreement referred to below.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Installment Sale Agreement, on the Maturity Dates identified below, or any earlier prepayment date, the Principal Amounts identified below representing a direct, undivided fractional share of the portion of the Installment Payments designated as principal as follows:

<u>Maturity Date</u>	<u>Principal Due</u>	<u>Maturity Date</u>	<u>Principal Due</u>
02/01/2022	\$94,600	02/01/2042	\$124,300
02/01/2023	95,900	02/01/2043	126,000
02/01/2024	97,200	02/01/2044	127,700
02/01/2025	98,600	02/01/2045	129,500
02/01/2026	99,900	02/01/2046	131,300
02/01/2027	101,300	02/01/2047	133,100
02/01/2028	102,700	02/01/2048	134,900
02/01/2029	104,100	02/01/2049	136,800
02/01/2030	105,500	02/01/2050	138,600
02/01/2031	107,000	02/01/2051	140,600
02/01/2032	108,400	02/01/2052	142,500
02/01/2033	109,900	02/01/2053	144,500
02/01/2034	111,400	02/01/2054	146,400
02/01/2035	113,000	02/01/2055	148,500
02/01/2036	114,500	02/01/2056	150,500
02/01/2037	116,100	02/01/2057	152,600
02/01/2038	117,700	02/01/2058	154,700
02/01/2039	119,300	02/01/2059	156,800
02/01/2040	121,000	02/01/2060	159,000
02/01/2041	122,600	02/01/2061	161,000

and to receive on September 1, 2021, and semiannually thereafter on March 1 and September 1 of each year (each an "Interest Payment Date") until payment in full of said principal the Registered Owner's direct, undivided fractional share of the Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable at the above stated Rate of Interest from the Dated Date identified above. The Registered Owner's share of the portion of the Installment Payments designated as interest is the result of the multiplication of the share of the portion of the Installment Payments designated as principal as shown and endorsed on the attached Certificate of Advances of Payment from the United States of America, by the Rate of Interest per annum identified above, calculated on the basis of a 365-day year (and actual days elapsed).

Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Office of the Trust Administrator, and interest represented hereby is payable by check or draft mailed by first class mail by the Trust Administrator on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the Certificates register of the Trust Administrator as of the preceding Record Date; provided, however, that so long as the United States of America remains the Registered Owner of the Certificates, payment of principal shall be made on each Principal Payment Date and payment of interest shall be made on each Payment Date to the Registered Owner, unless otherwise requested by the Registered Owner, by the Pre-Authorized Debit (PAD) payment process (i.e., the District's payments shall be electronically debited from the Installment Payment Fund on each Interest Payment Date

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in accordance with the PAD process established by Form SF-5510 and Form RD 3550-28, both entitled "Authorization Agreement for Pre-Authorized Payments").

This Certificate has been executed and delivered by the Trust Administrator pursuant to the terms of a Trust Agreement by and among the Trust Administrator, the Authority and the District, dated as of March 1, 2021 (the "Trust Agreement"). The District has certified that it is authorized to enter into the Installment Sale Agreement and this Trust Agreement under the laws of the State of California, for the purpose of paying the costs of certain public capital improvements.

Reference is hereby made to the Installment Sale Agreement and the Trust Agreement (copies of which are on file at the Office of the Trust Administrator) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trust Administrator and the rights and obligations of the District under the Installment Sale Agreement, to all of the provisions of the Installment Sale Agreement and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

This single Certificate is issued by the Authority and represents the \$5,000,000 Series 2021 Water Revenue Certificate of Participation (Water System Improvement Project), Bank Qualified, all of like, date, tenor and effect, but differing in amounts and maturities, authorized to be executed and delivered pursuant to the Trust Agreement.

This Certificate is transferable only to a Qualified Institutional Buyer (as such term is defined by Rule 144A of the Securities Act of 1933) or other persons with the consent of the District and the Authority, by the Registered Owner thereof in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender of this Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in the form appearing hereon. Upon such transfer, a new Certificate or Certificates of the same Maturity Date representing the same principal amount will be issued to the transferee in exchange herefor.

Notwithstanding anything herein or elsewhere to the contrary, there shall be not any transfers or exchanges while Government is owner, unless requested by the Government.

The District is obligated under the Installment Sale Agreement to pay the Installment Payments from Net Revenues (as such term is defined in the Installment Sale Agreement) on parity with all Parity Debt (as such term is defined in the Trust Agreement) issued or incurred within the meaning of the Installment Sale Agreement.

The obligation of the District to pay the Installment Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Installment Payments does not constitute a debt of the District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificate is subject to optional prepayment in whole, or in part among maturities in any manner as directed by the District in inverse order of maturity, unless otherwise requested by District and agreed to

by Original Purchaser in its reasonable discretion, on any Business Day, from prepayments of the Installment Payments made at the option of the District pursuant to the Installment Sale Agreement, at a prepayment price equal to the aggregate principal components of the Installment Payments to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificate is subject to mandatory prepayment on any date, in whole, or in part, from unexpended proceeds of the Construction Fund established under this Trust Agreement and from the net proceeds of insurance or eminent domain proceedings, in either case deposited with the Trust Administrator, which are credited towards the prepayment of the Installment Payments pursuant to the Installment Sale Agreement, at a prepayment price equal to one hundred percent (100%) of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

As provided in this Trust Agreement, notice of prepayment shall be mailed by the Trust Administrator by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the Registered Owner of the Certificate, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided herefor as specified in this Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

The District has designated its obligations under the Installment Sale Agreement represented by this Certificate to be a "qualified tax-exempt obligation" under Section 265(b)(3) of the Internal Revenue Code of 1986.

This Certificate is transferable by the Registered Owner hereof, in person or by his or her attorney duly authorized in writing, at the Trust Office of the Trust Administrator, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in this Trust Agreement and upon surrender and cancellation of this Certificate.

Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest and maturity date, will be delivered to the transferee in exchange herefor. The District, the Authority and the Trust Administrator may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the District, the Authority and the Trust Administrator shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Certificates then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Certificate or reduce the interest or principal represented thereby, without the express consent of the owner of such Certificate.

The Trust Administrator has no obligation or liability to the registered owners of the Certificates to make payments of principal, or interest with respect to the Certificates except from amounts on deposit for such purposes with the Trust Administrator. The Trust Administrator's sole obligations are to administer for

the benefit of the registered owners of the Certificates the various funds and accounts established under the Trust Agreement and to perform the other duties expressly imposed upon it under the Trust Agreement.

The District has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Installment Sale Agreement and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

This Certificate is given as evidence of a loan to the District made by the United States of America, acting through Rural Utilities Service, United States Department of Agriculture, pursuant to the Consolidated Farm and Rural Development Act, and shall be subject to the present regulations of the Rural Utilities Service or any successor agency thereto and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, this Certificate has been authenticate, executed and delivered by the Trust Administrator, acting pursuant to this Trust Agreement.

AUTHENTICATED, EXECUTED AND DELIVERED, as of the Dated Date first written above.

TRUST ADMINISTRATOR

By: _____
General Manager of the
Clearlake Oaks County Water District

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face hereof, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT ___ Custodian

TEN ENT -- as tenants by the Entireties

(Cust) ___ (Minor) ___
under Uniform Gifts to Minors

JT TEN -- as joint tenants with ___ right of survivorship
___ and not as tenants in ___ common

Act _____
(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) _____
_____ attorney, to transfer the same on the Certificate Register of the Trust Administrator with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this Assignment must correspond with the name (s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Certificate of Advances of Payment from United States of America, acting through Rural Utilities Service,
United States Department of Agriculture

The following advances have been paid to and received by the District in the amount and on the date(s) set forth below, as evidenced by the Trust Administrator's signature set forth below, as evidenced by said Trust Administrator's signature set forth opposite "Date of Advance" and "Amount of Advance."

<u>Date of Advance</u>	<u>Amount of Advance</u>	<u>Signature of the Trust Administrator</u>
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____

Total principal sum of the within Certificate as advanced as of _____, 20__ is \$_____.

Record of Prepayment in Advance of Maturity
of Certificates Represented by this Certificate

The Record of prepayment in advance of maturity on the registered Certificate shall be substantially as follows:

<u>Amount</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____
_____	_____

EXHIBIT B

Clearlake Oaks County Water District

2021 Certificate of Participation

GENERAL CONDITIONS

(To Come)

EXHIBIT C

Clearlake Oaks County Water District

2021 Certificate of Participation

SPECIAL CONDITIONS

(To Come)

STAFF REPORT

DATE: February 18, 2021

TO: Board of Directors

FROM: Dianna Mann, General Manger

RE: CONSIDERATION OF RESOLUTIONS APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN SERIES 2021 CERTIFICATES OF PARTICIPATION, AND APPROVING THE FORMS OF CERTAIN RELATED FINANCING DOCUMENTS FOR THE FINANCING OF THE WATER SYSTEM IMPROVEMENT PROJECT, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

RECOMMENDATION

It is recommended: that the Board of Directors (the "Board") adopt (i) Resolution No. 21-06, thereby approving the form of all financing documents, and directing staff to work with Bond Counsel and United States of America, Acting through Rural Utility Service, United States Department of Agriculture, California (hereafter referred to as "USDA") to finalize the issuance of the Series 2021 Certificates of Participation (the "COPs"), the proceeds of which will be used to complete the acquisition and construction of the proposed new water system improvement project, and (ii) Resolution No. 21-05, thereby adopting and approving the USDA Resolution (USDA Form RD 1780-27), as an additional necessary prerequisite to the issuance of the COPs.

EXECUTIVE SUMMARY

The subject resolutions essentially authorize and approve the form of all the foundational legal documents (the "Financing Documents") necessary to provide for the successful issuance of the COPs. The adoption of each of the Resolutions is a legal prerequisite to allow for the completion of the appropriate documentation necessary for the USDA/COP finalization. The accompanying Financing Documents comprise a financing structure that is considered standard for California government agencies to legally incur debt secured by water enterprise fund revenues, and is acceptable to USDA, as the purchaser of the COPs. In using this financing structure, an installment sale arrangement must be established with a third-party nonprofit entity experienced in tax-exempt debt transactions in California. The California Municipal Public Financing Authority (the "Authority") is being recommended as such independent nonprofit entity for this financing transaction.

The COPs will be repaid from Net Revenues of the Water Enterprise. "Net Revenues" means for any Fiscal Year (or other designated twelve (12) calendar month period), the Gross Revenues (i.e., all revenues generated by the Water Enterprise) during such Fiscal Year (or designated twelve (12) calendar month period) less the Operation and Maintenance Costs during such period.

The proposed COPs are to be issued as limited obligation bonds, payable only from Net Revenues of the Water Enterprise, and therefore the District's general fund, wastewater fund (or any other funds other the water enterprise fund to the extent of Net Revenues) will be not be exposed to repayment risk.

The Financing Documents are being presented to the Board as "form-only documents." The subject resolutions authorize and direct District officers and staff to finalize the Financing Documents as and when appropriate, and to do all things necessary to provide for the issuance of the COPs, which is expected to occur sometime towards the middle of March. This method of approval is the normal method of approving a bond issue.

While the Financing Documents are complex and contain legal terminology, they can be succinctly summarized as follows: the District sells the COPs directly to USDA and uses the proceeds of the COPs, along with the USDA grant component proceeds, to acquire and construct the proposed water project (the "Project") and pay costs of issuance. Pursuant to the Installment Sale Agreement, the District is "purchasing" the Project from the Authority in exchange for making the semi-annual Installment Payments which are assigned to the "Trust Administrator" (which role is being served by the General Manager), who then makes corresponding semi-annual debt service payments directly to USDA. Based upon the revenue stream of Installment Payments, the District issues the COPs pursuant to the Trust Agreement, which are sold to USDA in exchange for cash to the District. The proposed COPs are structured to be tax-exempt and are pre-payable at any time without penalty.

The draft Financing Documents, and a brief description of each, is as follows:

Installment Sale Agreement: This agreement provides for the sale of the Project to the Authority, and then back to the District in exchange for the District's promise to make future semi-annual Installment Payments to the Authority, which semi-annual payments are commensurate with the debt service on the COPs. This agreement also requires the District to maintain Net Revenues in excess of 120% total annual debt service on the COPs as well as any new parity debt issued in the future. In addition to making the Installment Payments, the District covenants to acquire and construct the Project in accordance with proper plans and specifications, and then to maintain the Project throughout the term of the Installment Sale Agreement, pay taxes, if any, and to maintain various forms of insurance.

Trust Agreement: This document provides for execution and delivery of the COPs to USDA in exchange for proceeds in the par amount thereof, and further establishes the covenants and specifics of the COPs, including (i) the application of proceeds to pay for the reimbursement, acquisition and construction costs of the proposed Project (as well as payment of the costs of issuance for the COPs), (ii) the establishment of a debt service reserve fund, (iii) the establishment of a short-lived assets reserve fund, (iv) the Trust Administrator's duties, (v) repayment mechanisms, (vi) default and remedies provisions, and (vii) the COP Owners (i.e., USDA) rights and remedies.

Assignment Agreement: This document provides the terms and conditions under which the Authority assigns the District's Installment Payments to the Trust Administrator, for ultimate payment to USDA.

Purchase Offer: The District will sell the COPs to USDA pursuant to the terms of the Purchase Offer. The Purchase Offer states the conditions under which USDA will purchase the COPs and requires the District to deliver all the duly authorized and executed documents and opinions at closing. The District also covenants

that there is no material litigation against the District which would impair its ability to make Installment Payments or affect the COPs. The sale is scheduled in accordance with the parameters described above.

FISCAL IMPACT

The attached Resolutions authorize the District to issue tax-exempt debt for purposes of completing the acquisition and construction of the proposed Project. Pursuant to the Installment Sale Agreement, the District promises the owners of the Certificates (i.e., USDA) to annually budget and appropriate from the Water Enterprise Fund sufficient funds to make all Installment Payments pursuant to the Installment Sale Agreement.

ALTERNATIVE(S)

1. Approve the resolutions as presented by Staff.
2. Reject the options as proposed and provide Staff with direction.

ATTACHMENTS

Resolution No. 21-05
Resolution No. 21-06
Draft Form of Trust Agreement
Draft Form of Installment Sale Agreement
Draft Form of Assignment Agreement
Draft Form of Purchase Offer

NOTE: ALL DOCUMENTS MENTIONED IN THIS STAFF REPORT ARE ON FILE WITH THE DISTRICT SECRETARY'S OFFICE.

CLEARLAKE OAKS COUNTY WATER DISTRICT
COUNTY OF LAKE, STATE OF CALIFORNIA

ORDINANCE NO. 84

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF
CLEARLAKE OAKS COUNTY WATER DISTRICT
REGARDING ITS SEWER CODE**

THE BOARD OF DIRECTORS OF CLEARLAKE OAKS COUNTY WATER DISTRICT
ORDAINS AS FOLLOWS:

1. On or about January 21, 2021, the District adopted by resolution a Sewer Code that sets rates and establishes rules and regulations for the provision of potable sewer service to District customers.
2. All ordinances or parts of ordinances in conflict with the provisions of the Sewer Code are hereby repealed, including ordinance 1, 11, 13, 20, 21, 22, 25, 26, 27, 28, 35, 51, 56, 57, 64, 73, 74, 75, 76, 77, 78, and 81.
3. On or about May 21, 2015, the Board of Directors adopted Ordinance 81 that, in part, set the rates for sewer service, which are reaffirmed and readopted herein. To the extent Ordinance 81 contains terms other than sewer rates that differ from or conflict with the Sewer Code, the Sewer Code shall govern and supersede those terms in Ordinance 81.
3. This ordinance is effective upon its adoption.
4. If any section, provision, or part of this ordinance is adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision, or part not adjudged invalid or unconstitutional.

The foregoing ordinance was introduced before the Board of Directors of Clearlake Oaks County Water District at a public meeting on January 21, 2021, and adopted by the following vote on February 18, 2021, at the public meeting of the Board of Directors by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

CLEARLAKE OAKS COUNTY WATER DISTRICT

By: _____
Margaret Medeiros, President

Attest: _____
Olivia Mann, Board Secretary



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Quote

Clearlake Oaks CWD

12545 East Highway 20
Clearlake Oaks, CA 95423
k.jensen@clowd.org

February 9, 2021

PRODUCT	PACKAGING	PRICE	QUANTITY	AVAILABILITY
Pro Pac 9800	Bulk Tanker Truck	\$0.38/lb/del	Full Truck load (50,000 lbs) ¹	ARO 7 – 15 business days

¹Pro Pac 9800 weighs 11.14 lb/gal

Please call our office to place all orders at (800) 342-6733

- or -

EMAIL: evie@ntutechnologies.com

This quote supersedes any and all prior quotes

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