

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING AGENDA
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CALIFORNIA
ADMINISTRATIVE FACILITY, BOARD ROOM
THURSDAY, APRIL 18, 2024 AT 5:30 PM
(OR AS SOON THEREAFTER AS SUCH MEETING CAN BE HELD)**

THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY WAS FOUNDED FOR THE PURPOSES OF ASSISTING THE TRABUCO CANYON WATER DISTRICT AND ITS COMMUNITY FACILITIES DISTRICTS IN ISSUING POOLED FINANCING SECURITIES.

AUTHORITY PRESIDENT: Ed Mandich
AUTHORITY VICE PRESIDENT: Stephen Dopudja

AUTHORITY TREASURER: Cindy Byerrum
AUTHORITY SECRETARY: Michael Perea

AGENDA NOTE:

Trabuco Canyon Water District (District) will make this Regular Board Meeting available by telephone audio as follows:

| | | | |
|-------------------------|------------------------------|---------------------|---------------|
| Telephone Audio: | 1 (669) 900-6833 (Toll Free) | Access Code: | 913-8681-1652 |
|-------------------------|------------------------------|---------------------|---------------|

Persons desiring to monitor the Board meeting agenda items may download the Board meeting agenda and documents on the internet at www.tcwd.ca.gov. You may submit public comments by email to the Board at mperea@tcwd.ca.gov. In order to be part of the record, emailed comments on meeting agenda items must be received by the District, at the referenced e-mail address, not later than 4:00 p.m. (PDT) on the day of the meeting.

CALL MEETING TO ORDER

PLEDGE OF ALLEGIANCE

VISITOR PARTICIPATION

Members of the public wishing to address the Board regarding a particular item on the agenda are requested to complete a speaker card and submit it to staff. The Board President will call on the visitor following the Board's discussion about the matter. Members of the public will be given the opportunity to speak prior to the Board taking action on that item. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

ORAL COMMUNICATION

Members of the public who wish to make comment on matters not appearing on the agenda are invited to identify themselves and encouraged to make comment at this time. Under the requirements of State Law, Directors cannot take action on items not identified on the agenda and will not make decisions on such matters. The Board President may direct District Staff to follow up on issues as may be deemed appropriate. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

ACTION CALENDAR

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

RECOMMENDED ACTION:

Approve the minutes of the following Meeting(s):

1. March 21, 2024 Annual Meeting

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING AGENDA | APRIL 18, 2024**

ITEM 2: ADOPT RESOLUTION APPROVING INSTALLMENT PURCHASE AGREEMENT BETWEEN TRABUCO CANYON PUBLIC FINANCING AUTHORITY AND TRABUCO CANYON WATER DISTRICT

RECOMMENDED ACTION:

Adopt Resolution No. 2024-22 approving the execution and delivery of an installment purchase agreement between the Trabuco Canyon Public Financing Authority and the Trabuco Canyon Water District for the purpose of refinancing and financing capital projects and authorizing the execution and delivery of certain related documents and certain other matters.

ITEM 3: OTHER MATTERS/REPORTS

RECOMMENDED ACTION:

Hear Other Matters/Reports that may have arisen after the posting of the agenda.

END ACTION CALENDAR & ADJOURNMENT

AVAILABILITY OF AGENDA MATERIALS

Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Trabuco Canyon Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the Trabuco Canyon Water District Administrative Facility, 32003 Dove Canyon Drive, Trabuco Canyon, California (District Administrative Facility). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available in the lobby area of the District Administrative Facility at the same time as they are distributed to the Board Members, except that, if such writings are distributed immediately prior to or during the meeting, they will be available in the Board Meeting Room at the District Administrative Facility.

COMPLIANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2

In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 858-0277, at least 48 hours in advance of the scheduled Board meeting. Notification at least 48 hours prior to the meeting will assist the District in making reasonable arrangements to accommodate your request. The Board Meeting Room is wheelchair accessible.

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING | APRIL 18, 2024**

ACTION CALENDAR

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

RECOMMENDED ACTION

Approve the minutes of the following Meeting(s):

1. *March 21, 2024 Annual Meeting*

EXHIBIT

1. March 21, 2024 Trabuco Canyon Public Financing Authority Regular Annual Meeting Minutes

CONTACTS (staff responsible): PALUDI/PEREA

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY | MARCH 21, 2024

The Annual Meeting of the Board of Directors of the Trabuco Canyon Public Financing Authority (TCPFA) was called to order by President Mandich at 6:31 p.m. at the Trabuco Canyon Water District's ("District") Administration Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Authority Secretary Mr. Michael Perea transcribed the minutes thereof.

DIRECTORS PRESENT

President Ed Mandich
Vice President Stephen Dopudja
Director Glenn Acosta
Director Ed Mandich
Director Safranski

DIRECTORS ABSENT

Director Don Chadd

TCWD STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Roseann Lejsek, Administration Assistant
Gary Kessler, Maintenance Superintendent
Blake Smith, Wastewater Operations Chief Plant Operator

DISTRICT CONSULTANTS

Claire Collins, District General Legal Counsel - Hanson & Bridgett, LLP

PUBLIC PRESENT

There were members of the public present.

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

None

ACTION CALENDAR

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

MOTION: Approve the minutes of the March 16, 2023 Trabuco Canyon Public Financing Authority Regular Annual Meeting – Director Acosta

SECOND: Director Safranski

AYES: Directors Mandich, Dopudja, Acosta & Safranski

NOES: None

ABSTAIN: None

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
ANNUAL BOARD MEETING | MARCH 21, 2024**

ABSENT: Director Chadd

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Chadd absent.

ITEM 2: ADOPT RESOLUTION NO. 2024-21 – RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY ESTABLISHING REGULAR MEETING DATES

Mr. Paludi presented this matter for Board consideration, and he reported that the purpose of the recommended resolution is to set regular meeting dates for the Authority to take financial actions related to the planned issuance of debt in accordance with the rate study adopted in June 2023. Ms. Collins added that the regular Authority meetings may occur in conjunction with the District’s regular board meeting.

MOTION: Adopt Resolution No. 2024-21 – Resolution of the Board of Directors of the Trabuco Canyon Public Financing Authority Establishing Regular Meeting Dates – Director Acosta

SECOND: Director Mandich

AYES: Directors Mandich, Dopudja, Acosta & Safranski

NOES: None

ABSTAIN: None

ABSENT: Director Chadd

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Chadd absent.

ITEM 3: OTHER MATTERS/REPORTS

Mr. Paludi reported that the District will schedule a special board meeting for April 4, 2024 to consider an updated financial model and related planned capital improvement project costs in an accelerated budget development process.

ACTION: There was no action taken.

ADJOURNMENT

President Mandich adjourned the March 21, 2024 Trabuco Canyon Public Financing Authority Regular Annual Meeting at 6:38 p.m.

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING | APRIL 18, 2024**

ACTION CALENDAR

ITEM 2: ADOPT RESOLUTION APPROVING INSTALLMENT PURCHASE AGREEMENT BETWEEN TRABUCO CANYON PUBLIC FINANCING AUTHORITY AND TRABUCO CANYON WATER DISTRICT

Background

On February 11, 2022, the Trabuco Canyon Water District (the “District”) entered into a credit agreement with BMO (as successor to Bank of the West), to finance certain capital projects in the amount of \$10 million. The final maturity of this loan is July 1, 2024 and requires the payment of the \$10 million in principal at maturity. This debt may be prepaid at any time without premium.

The District’s staff has identified approximately \$10.4 million in additional capital project funding needs for its water, wastewater and recycled water enterprises. The District has an opportunity to refinance the BMO credit agreement and obtain additional funds for capital projects to be repaid over 20 to 25 years. The District’s 2023 Cost of Service Study included this debt financing strategy in the rate analysis.

Discussion

The District has engaged a team of consultants (Fieldman Rolapp & Associates, Inc. as Municipal Advisor, Stradling Yocca Carlson & Rauth as Special Counsel, and Oppenheimer as Placement Agent) to prepare the necessary documentation. The District’s finance team has determined it is in the District’s best interest to obtain the financing through a private placement bank, similar to the process completed in 2022.

The resolutions to be presented for consideration by the Board of Directors of the District and the Trabuco Canyon Public Financing Authority (the “Authority”) authorize the execution and delivery of an installment purchase agreement between the District and the Authority and an Assignment Agreement between the Authority and one or more private placement banks for the purpose of paying off the BMO credit agreement and financing new capital projects. The Authority is a joint powers entity formed by the District and Community Facilities District No. 7 to assist the District with its financing needs.

The Installment Purchase Agreement between the District and the Authority establishes the specific terms and conditions under which the District’s combined water revenues, wastewater revenues and reclaimed water revenues are pledged to pay the installment payments securing the loan. The Installment Purchase Agreement contains certain financial covenants of the District to provide security for the funds to be applied to repay the loan.

District staff will bring back the recommendation for the private placement bank at both the District’s Regular Board meeting and Trabuco Canyon Public Financing Authority on May 16, 2024.

RECOMMENDED ACTION

Adopt Resolution No. 2024-22 approving the execution and delivery of an installment purchase agreement between the Trabuco Canyon Public Financing Authority and the Trabuco Canyon Water District for the purpose of refinancing and financing capital projects and authorizing the execution and delivery of certain related documents and certain other matters.

EXHIBITS

1. Draft Resolution No. 2024-22 – Resolution of the Trabuco Canyon Public Financing Authority
2. Draft Installment Purchase Agreement between Trabuco Canyon Public Financing Authority and Trabuco Canyon Water District (Exhibit A to Resolution No. 2024-22)

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING | APRIL 18, 2024**

3. Draft Assignment Agreement between Trabuco Canyon Public Financing Authority and one or more banks to be selected (Exhibit B to Resolution No. 2024-22)

CONTACTS (staff responsible): PALUDI/PEREA/COLLINS

RESOLUTION NO. 2024-22

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRABUCO
CANYON PUBLIC FINANCING AUTHORITY
APPROVING THE EXECUTION AND DELIVERY OF AN
INSTALLMENT PURCHASE AGREEMENT WITH THE TRABUCO
CANYON WATER DISTRICT FOR THE PURPOSE OF REFINANCING
AND FINANCING CAPITAL PROJECTS AND AUTHORIZING THE
EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN
CONNECTION THEREWITH AND CERTAIN OTHER MATTERS**

The Trabuco Canyon Public Financing Authority (the “Authority”) is a joint exercise of power agency duly created pursuant to the Joint Exercise of Powers Agreement dated as of August 18, 1993, by and between the Trabuco Canyon Water District (the “District”) and Community Facilities District No. 7 of the Trabuco Canyon Water District;

The District is a county water district that is duly organized and existing under and pursuant to Division 12 of the California Water Code (Section 30000 *et seq.*) (the “Act”).

The District desires the Authority to assist the District in refinancing the costs of acquiring, constructing and installing certain capital facilities and improvements related to its water system and acquiring, constructing and installing certain public facilities and improvements (collectively, the “Project”).

The District has determined that it is in the best interest of the District to enter into one or more installment purchase agreements with the Authority (collectively, the “Installment Purchase Agreements”) to refinance and finance the Project subject to certain limitation described herein, and to approve certain other documents, to provide for the refinancing and financing of the Project.

The installment payments under the Installment Purchase Agreements will be payable from net revenues of the District’s water system, wastewater system and reclaimed water system as described in the Installment Purchase Agreements.

In order to facilitate the financing and refinancing, the Authority proposes to enter into one or more assignment agreements (collectively, the “Assignment Agreements”);

THEREFORE, THE BOARD OF DIRECTORS OF THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY HEREBY RESOLVES, DETERMINES AND ORDERS AS FOLLOWS:

Section 1: The foregoing recitals are true and correct.

Section 2: The form of the Installment Purchase Agreement, which is attached hereto as Exhibit A, is hereby approved in substantial form. The President, Vice President of the Board, the Secretary and the Treasurer (including for this purpose any duly designated Interim Treasurer or

acting Treasurer) (collectively, the “Authorized Officers”) are authorized to execute and deliver one or more Installment Purchase Agreements, in substantially the form attached hereto, with only such revisions, insertions and omissions as may be required or approved by the Authority’s General Counsel or Stradling Yocca Carlson & Rauth LLP, as Bond Counsel (“Bond Counsel”), which will be conclusively evidenced by the execution and delivery of such Installment Purchase Agreements; provided that: (i) the Installment Purchase Agreements shall not have a final maturity later than July 1, 2049; (ii) the total principal amount of the Installment Purchase Agreements shall not exceed \$22,000,000; and (iii) the interest rate with respect to each Installment Purchase Agreement shall not exceed 6.25% (except in an event of default or taxability, each as set forth in the Installment Purchase Agreement), and which in no event shall exceed the maximum interest rate payable by law.

Section 3: The form of the Assignment Agreement, which is attached hereto as Exhibit B, is hereby approved in substantial form. The Authorized Officers are authorized to execute and deliver one or more Assignment Agreement, in substantially the form attached hereto, with only such revisions, insertions and omissions as may be required or approved by the Authority’s General Counsel or Bond Counsel which will be conclusively evidenced by the execution and delivery of such Assignment Agreement.

Section 4: The proceeds of each Installment Purchase Agreement shall be applied to refinance and finance the Project in accordance with such Installment Purchase Agreement.

Section 5: The Authorized Officers or any other proper officer of the Authority, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Installment Purchase Agreements, the Assignment Agreements and this resolution. In the event that the President or Vice-President of the Board is unavailable to sign any of the agreements that are described herein, any other member of the Board may sign such agreement.

Section 6: The good faith estimates of costs related to the Installment Purchase Agreement which are required by Section 5852.1 of the California Government Code are disclosed in Exhibit C hereto and are available to the public at the meeting at which this resolution is approved.

Section 7: This resolution shall take effect immediately.

ADOPTED, SIGNED AND APPROVED April 18, 2024:

President

APPROVED AS TO FORM:

Claire Collins, General Counsel

DRAFT

STATE OF CALIFORNIA)

) ss.

COUNTY OF ORANGE)

I, Michael Perea, Secretary of the Trabuco Canyon Public Financing Authority, hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the Trabuco Canyon Public Financing Authority at its meeting held on April 18, 2024, at which a quorum was present and acting throughout, and for which notice and an agenda was prepared and posted as required by law and that the Resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary, Trabuco Canyon Public Financing
Authority

DRAFT

EXHIBIT A

[FORM OF INSTALLMENT PURCHASE AGREEMENT]

DRAFT

EXHIBIT B

[FORM OF ASSIGNMENT AGREEMENT]

DRAFT

EXHIBIT C

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Installment Purchase Agreement in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by Fieldman, Rolapp & Associates (the District's "**Municipal Advisor**").

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the principal amount of the Installment Purchase Agreement is **\$20,550,000** (the "**Estimated Principal Amount**").

True Interest Cost. The Municipal Advisor has informed the Authority that, based on the Estimated Principal Amount and market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Installment Purchase Agreement, which means the rate necessary to discount the amounts payable on the installment payments under Installment Purchase Agreement, is **5.20%**.

Finance Charge. The Municipal Advisor has informed the Authority that, based on the Estimated Principal Amount and market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Installment Purchase Agreement, which means the sum of all fees and charges paid to third parties (or costs associated therewith), is **\$150,000**.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, based on the Estimated Principal Amount and market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority, less such finance charge, as estimated above, and any reserves or capitalized interest paid or funded, is **\$20,400,000**.

Total Payment Amount. The Municipal Advisor has informed the Authority that, based on the Estimated Principal Amount and market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all installment payments the Authority will make, plus such finance charge, as described above, not paid with the proceeds of the Installment Purchase Agreement, calculated to the final payment of the Installment Purchase Agreement, is **\$37,289,060**.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Installment Purchase Agreement, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual principal amount of Installment Purchase Agreement being different from the Estimated Principal Amount; (c) the actual amortization of the Installment Purchase Agreement being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of

execution and delivery of the Installment Purchase Agreement being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the Authority’s financing plan, delays in the financing, additional legal work or a combination of such factors and additional finance charges, if any, attributable thereto. The actual date of execution and delivery of the Installment Purchase Agreement and the actual principal amount of Installment Purchase Agreement will be determined by the Authority and the District based on the timing of the need for proceeds of the Installment Purchase Agreement and other factors.

DRAFT

INSTALLMENT PURCHASE AGREEMENT

by and between

TRABUCO CANYON WATER DISTRICT

and

TRABUCO CANYON PUBLIC FINANCING AUTHORITY

Dated as of April 1, 2024

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into as of April 1, 2024 by and between TRABUCO CANYON WATER DISTRICT, a county water district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and TRABUCO CANYON PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California (the “Authority”).

WITNESSETH:

WHEREAS, the District proposes to acquire certain capital improvements, described as Component A in Exhibit A, (the “2024 Project”) and to refinance the acquisition of certain capital improvements described as Component B in Exhibit A (the “2022 Project”).

WHEREAS, the Authority has agreed to assist the District in acquiring the 2024 Project and refinance the acquisition of the 2022 Project on the terms and conditions that are set forth herein.

WHEREAS, the Authority is authorized by Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, including but not limited to Section 6584 et seq., to finance the acquisition of property for its members and is authorized by Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California to refinance the acquisition of property for its members.

WHEREAS, the District is authorized by Division 13 of the Water Code of the State of California, including but not limited to Sections 31040, 31041, 31042 and 31047 thereof, to acquire the 2024 Project and is authorized by Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California to refinance the acquisition of property.

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 delivery of this Installment Purchase 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 Installment Purchase Agreement;

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

ARTICLE I

DEFINITIONS

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

Accountant's Report. The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Acquisition Fund. The term "Acquisition Fund" means the Acquisition Fund by that name created pursuant to Section 3.06 hereof and designated by the District as account numbers _____ and _____.

Agreement. The term "Agreement" means this Installment Purchase Agreement, dated as of April 1, 2024, by and between the District and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Assignment Agreement. The term "Assignment Agreement" means the Assignment Agreement, dated as of April 1, 2024, by and between the Authority and the Bank, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

Assistant General Manager. The term "Assistant General Manager" means the Assistant General Manager of the District, or any other person designated by the Assistant General Manager to act on behalf of the Assistant General Manager.

Authority. The term "Authority" means the Trabuco Canyon Public Financing Authority, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California and the JPA Agreement.

Authorized Representative. The term "Authorized Representative" means the President, Vice President, Secretary or Treasurer of the Authority.

Bank. The term "Bank" means _____, a _____, solely in its capacity as assignee under the Assignment Agreement, and its successors and assignors.

Bonds. The term "Bonds" means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Installment Payments and which are secured by a pledge of and lien on the Revenues as described in Section 5.01 hereof.

Business Day. The term "Business Day" means a day other than: a Saturday or Sunday or a day on which: (i) banks located in Los Angeles are not required or authorized to remain closed; and (ii) the New York Stock Exchange is not closed.

Code. The term "Code" means the Internal Revenue Code of 1986.

Contracts. The term "Contracts" means and is limited to: (1) this Agreement and any amendments and supplements hereto; and (2) all contracts of the District hereto or hereafter authorized the Parity Installment Payments with respect to which are payable from Net Revenues on a parity with the Installment Payments and which are secured by a pledge and lien on the Revenues as described in Section 5.01 hereof; but excluding in all cases contracts entered into for operation and maintenance of the Water System, the Reclaimed Water System or the Wastewater System.

Date of Operation. The term "Date of Operation" means, with respect to any uncompleted Parity Project, the estimated date by which such Parity Project will have been completed and, in the opinion of an engineer, will be ready for operation by or on behalf of the District.

Debt Service. The term “Debt Service” means, for any period of calculation, the sum of:

- (1) the interest payable on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized),
- (2) that portion of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal),
- (3) that portion of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period (but excluding Excluded Principal), and
- (4) that portion of the payments under the Contracts payable during such period (except to the extent such interest is capitalized and except that Excluded Principal shall be excluded from payments under the Contracts);

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to be 110% of the daily average interest rate on such Bonds or Contracts during the 36 months ending with the month preceding the date of calculation, or such shorter period that such Bonds or Contracts shall have been Outstanding;

provided further that, if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the period of determination as if the principal and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund (exclusive of any insurance policy, letter of credit, surety bond or other security device) on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that Debt Service shall not include interest which is paid from investment earnings on amounts on deposit in any reserve fund or account and transferred to the respective payment fund.

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

District. The term “District” means Trabuco Canyon Water District, a county water district duly organized and existing under and by virtue of the laws of the State of California.

Event of Default. The term “Event of Default” means an event described in Section 8.01.

Excluded Principal. The term “Excluded Principal” means each payment of principal of any Bond or Contract for which there is on file with the Bank (i) a certificate of an Independent Municipal Consultant to the effect that such Bond or Contract is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than 61 months and (ii) a certificate of an Authorized Representative to the effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Fiscal Year. The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the last day of June of the succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

Generally Accepted Accounting Principles. The term “Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of 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.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District, each of whom is independent of the District and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Municipal Consultant. The term “Independent Municipal Consultant” means a municipal advisor or firm of such municipal advisors appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; (3) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended; and (4) is not connected with the District as an officer or employee thereof, but who may be regularly retained to make reports thereto.

Installment Payment Date; Parity Installment Payment Date. The term “Installment Payment Date” means: (i) each January 1 and July 1, commencing January 1, 2025, or if said date is not a Business Day, then the preceding Business Day; or (ii) any other date upon which Installment Payments become due and payable, whether by acceleration, prepayment or otherwise. The term “Parity Installment Payment Date” means each date on which Parity Installment Payments are scheduled to be paid by the District under and pursuant to any Contract.

Installment Payments; Parity Installment Payments. The term “Installment Payments” means the installment payments of interest and principal scheduled to be paid by the District under and pursuant hereto. The term “Parity Installment Payments” means the payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts.

JPA Agreement. The term “JPA Agreement” means the Joint Exercise of Powers Agreement, dated August 18, 1993 by and between the District and Community Facilities District No. 7 of the

Trabuco Canyon Water District, pursuant to which the Authority is established, as such JPA Agreement may be amended and supplemented from time-to-time on accordance therewith.

Law. The term “Law” means the County Water District Law of the State of California (being Division 12 of the Water Code of the State of California, as amended), and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto.

Manager. The term “Manager” means the General Manager of the District, or any other person designated by the General Manager to act on behalf of the General Manager.

Net Revenues. The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means

(i) costs spent or incurred for maintenance and operation of the Water System, the Wastewater System or the Reclaimed Water System in a Fiscal Year calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System, the Wastewater System or the Reclaimed Water System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System, the Wastewater System or the Reclaimed Water System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than Debt Service) required to be paid by it to comply with the terms of this Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds,

(ii) all costs of all water purchased, stored, banked, exchanged or otherwise acquired for delivery by the Water System or the Reclaimed Water System (including any interim or renewed arrangement therefor),

but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, including but not limited to restatements made in subsequent periods which would not have affected the District’s statements of revenues, expenses and changes in net position, and prior period adjustments and any amounts transferred from the Revenue Fund to the Rate Stabilization Fund or a Special Purpose Fund.

Permitted Investments. The term “Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) for all purposes, including but not limited to discharge of Installment Payments in accordance with Section 9.01: (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below); or (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America; and

(b) for all purposes other than discharge of Installment Payments in accordance with Section 9.01: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export - Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration; (2) bonds, notes or other evidences of indebtedness rated “AAA” and “Aaa” by the applicable rating agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and banker’s acceptances with domestic commercial banks (including the Bank and its affiliates) which are either insured by the Federal Deposit Insurance Corporation or have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated “AAAm” or “AAAm G” or better by S&P, including such funds for which the Bank or an affiliate acts as investment advisor or provides other services; (6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on the escrow, in the highest rating category of S&P or any successor thereto; (7) the State of California Local Agency Investment Fund and (8) any other investment approved in writing by the Bank.

Project. The term “Project” means (i) the 2022 Project, constituting Component B on Exhibit B hereto and (ii) the 2024 Project, constituting Component A on Exhibit B hereto, as modified from time-to-time in accordance with Section 3.02 hereof.

Purchase Price. The term “Purchase Price” means the principal amount plus interest thereon owed by the District to the Authority under the terms hereof as provided in Section 4.01.

Rate Stabilization Fund

“Rate Stabilization Fund” means those District accounts designated by the District as account numbers _____ and _____, or any other accounts created in the future and designated by action of the Board of Directors as a part of the Rate Stabilization Fund by that name established pursuant to Section 5.04 hereunder.

Reclaimed Water System. The term “Reclaimed Water System” means the whole and each and every part of recycled and reclaimed water system of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such recycled and reclaimed water system or any part thereof hereafter acquired or constructed.

Revenue Fund. The term “Revenue Fund” means those District accounts designated by the District as account numbers _____, _____, _____, _____ and _____, together with other accounts into which Revenues are currently deposited or any other accounts created in the future and designated by action of the Board of Directors as a part of the Revenue Fund by that name continued pursuant to Section 5.02 hereunder.

Revenues. The term “Revenues” means:

(1) all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, the Reclaimed Water System and the Wastewater System determined in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing:

(2) the facility capacity charges and amounts received from infrastructure replacement fund charges or similar charges related to the Water System, the Reclaimed Water System and the Wastewater System, plus

(3) for any Fiscal Year, the amount of 1% *ad valorem* property tax allocated to the District, plus

(4) the earnings on and income derived from the investment of the amounts described in clauses (1), (2) and (3) hereof, plus

(5) all amounts transferred from the Rate Stabilization Fund to the Revenue Fund during any Fiscal Year in accordance with Section 5.04 hereof, plus

(6) all amounts transferred from the Special Purpose Funds to the Revenue Fund during any Fiscal Year in accordance with Section 5.05 hereof,

but excluding in all cases (i) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, (ii) any proceeds of taxes restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts, (iii) the Water Reliability and Emergency Storage Meter Charge revenue, but only to the extent such revenue is first paid towards the State of California Department of Public Health pursuant to Article B-3 of the SDWSRF Loan Agreement, and (iv) any amounts transferred from the Revenue Fund to the Rate Stabilization Fund during any Fiscal Year in accordance with Section 5.02(c) hereof.

SDWSRF Loan Agreement. The term “SDWSRF Loan Agreement” means the Funding Agreement (Construction Loan Agreement No. SRF09CX102 dated September 28, 2009) between the State of California Department of Public Health and the District, as amended and supplemented.

Special Purpose Funds. The term “Special Purpose Funds” means each fund of the District designated by resolution of the Board of Directors of the District as a special purpose fund.

Wastewater System. The term “Wastewater System” means the whole and each and every part of the wastewater system of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such Wastewater System or any part thereof hereafter acquired or constructed; provided however that the Wastewater System shall not include any real property and buildings which relate to the delivery of treated water or treatment of water to any existing customers or any future customers or which relate to the District’s water operations except to the extent such real property and buildings are determined by the Board of Directors of the District by resolution to be included in the Wastewater System.

Water System. The term “Water System” means the whole and each and every part of the water system of the District, whether owned or operated by the District or another public agency, the

portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed.

Written Consent of the Authority or District, Written Order of the Authority or District, Written Request of the Authority or District, Written Requisition of the Authority or District. The terms “Written Consent of the Authority or District,” “Written Order of the Authority or District,” “Written Request of the Authority or District,” and “Written Requisition of the Authority or District” mean, respectively, a written consent, order, request or requisition signed by or on behalf of: (a) the Authority by its Authorized Representative; or (b) the District by the President of its Board of Directors or its Manager or by the Secretary of its Board of Directors or by any two persons (whether or not officers of the Board of Directors of the District) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations by the District. The District makes the following representations:

(a) The District is a county water district duly organized and existing under and pursuant to the laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the Project under the terms of this Agreement being included in the gross income of the Bank for purposes of federal or State of California income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District acquire the 2024 Project, and to refinance the acquisition of the 2022 Project in the manner provided for in this Agreement.

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

(g) The execution and delivery of this Agreement, the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default

(with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the financial condition, assets, properties or operations of the District.

(h) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, or the financial condition, assets, properties or operations of the District.

Section 2.02. Representations and Warranties by the Authority. The Authority makes the following representations and warranties:

(a) The Authority is a joint exercise of powers agency duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution and delivery and due performance of this Agreement.

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

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the Project under the terms of this Agreement being included in the gross income of the Bank for purposes of federal or State of California income taxation.

(d) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which

default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, or the financial condition, assets, properties or operations of the Authority.

Section 2.03. No Financial Advisory or Fiduciary Relationship. Each of the District and the Authority represent, warrant and covenant that: (i) the transaction contemplated herein and in the Assignment Agreement is an arm's length commercial transaction among the District, the Authority and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), an agent or a fiduciary of the District or the Authority, (iii) the Bank and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District or the Authority with respect to the transaction contemplated hereby or by the Assignment Agreement and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the District or the Authority, and (vi) each of the District and the Authority has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.01. Sale of the 2022 Project. In consideration of the Authority's assistance in refinancing the 2022 Project, the District hereby transfers to the Authority the 2022 Project.

Section 3.02. Purchase and Sale of the Project. In consideration for the Installment Payments as set forth in Section 4.02, the Authority agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Authority, the Project at the Purchase Price specified in Section 4.01 in the manner and in accordance with the provisions of this Agreement.

Section 3.03. Title. All right, title and interest in Component B of the Project shall vest in the District immediately upon execution and delivery of this Agreement. All right, title and interest in Component A of the Project shall vest in the District immediately upon the acquisition or construction thereof. Such vesting shall occur without further action by the Authority or the District and the Authority shall, if requested by the District or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

Section 3.04. Acquisition and Construction of the 2024 Project. The Authority hereby agrees to cause the 2024 Project, and any additions or modifications thereto, to be constructed, acquired or installed by the District as its agent, and the District shall enter into contracts and provide for, as agent of the Authority, the complete construction, acquisition and installation of the 2024 Project. The District hereby agrees that it will cause the construction, acquisition and installation of the 2024 Project to be diligently performed after the deposit of funds with the District pursuant to the this Agreement, upon satisfactory completion of design work and compliance with all environmental and other laws including, but not limited to, the California Environmental Quality Act and approval by the Board of Directors of the District, unforeseeable delays beyond the reasonable control of the District only

excepted. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2024 Project and that all such costs and expenses shall be paid by the District, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Section 3.05. Changes to the 2024 Project. The District may substitute other improvements for those listed as components of the 2024 Project in Exhibit B hereto, but only if the District first files with the Authority a statement of the District:

(a) identifying the improvements to be deleted from such Exhibit and the improvements to replace such deleted improvements; and

(b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Section 3.06. Acquisition Fund. There is hereby established with the District the Acquisition Fund. The District shall deposit moneys received from the Bank to finance the 2024 Project into the Acquisition Fund.

The moneys in the Acquisition Fund shall be held by the District in trust and moneys therein shall be applied to the payment of the costs of acquisition and construction of the 2024 Project, and of expenses incidental thereto, including costs of executing and delivering this Agreement. Before any payment is made from the Acquisition Fund, the Manager shall cause to be filed with the Assistant General Manager a Written Requisition of the District in the form set forth in Exhibit D hereto.

Upon receipt of each such Written Requisition, the Assistant General Manager will pay the amount set forth in such Written Requisition as directed by the terms thereof. The Assistant General Manager need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the 2024 Project shall have been constructed and acquired in accordance with this Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Bank. Upon the receipt of such statement, the Assistant General Manager shall transfer any remaining balance in the Acquisition Fund and not needed for Acquisition Fund purposes (but less the amount of any such retention which amount shall be certified to the Assistant General Manager by the Manager) to the Revenue Fund.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

(a) The Purchase Price with respect to the Project to be paid by the District hereunder to the Authority is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

Upon the occurrence and continuance of an Event of Default, the interest to accrue on the unpaid balance of such principal amount shall accrue at the Default Rate.

(b) The principal amount of the payments to be made by the District hereunder is set forth in Exhibit A hereto.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.02 and Exhibit A hereto, and shall be paid by the District as and constitute interest paid with respect to the principal amount of the District's obligations hereunder.

Section 4.02. Installment Payments. The District shall, subject to any rights of prepayment provided in Article VII, pay the Authority the Purchase Price of the Project in installment payments of interest and principal in the amounts and on the Installment Payment Dates as set forth in Exhibit A hereto.

Each Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event the District fails to make any of the payments required to be made by it under this Section, such payment shall continue as an obligation of the District until such amount shall have been fully paid; and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Installment Payments if paid in accordance with their terms.

Subject to Section 10.01 hereof, the obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Installment Payments required to be made by it under this Section when due, whether or not the Water System, the Reclaimed Water System or the Wastewater System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2024 Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.01. Pledge of Revenues. All Revenues and all amounts on deposit in the Revenue Fund, the Rate Stabilization Fund and the Special Purpose Funds are hereby irrevocably pledged to the

payment of the Installment Payments as provided herein, subject, however, to the pledge thereon securing any other Bonds or Contracts; and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts and Bonds, shall constitute a first lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund, the Rate Stabilization Fund and the Special Purpose Funds as permitted herein, on the Revenue Fund, the Rate Stabilization Fund and the Special Purpose Funds and other funds and accounts created hereunder for the payment of the Installment Payments and all other Contracts and Bonds in accordance with the terms hereof.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of the Revenues by the District for the payment of the Installment Payments constitutes a pledge and lien which immediately attaches to such Revenues, and is effective, binding and enforceable against the District, its successors, creditors and all others asserting rights therein, to the extent set forth, and in accordance with, this Agreement, irrespective of whether those parties have notice of the pledge and without the need for physical delivery, recordation, filing or further act.

Section 5.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is hereby continued and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter all remaining moneys in the Revenue Fund shall be applied by the District at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Installment Payments. Not later than each Installment Payment Date, the District shall, from the moneys in the Revenue Fund, transfer to the Bank the portion of each Installment Payment due and payable on that Installment Payment Date, and shall transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of any Bond or Contract.

(b) Reserve Funds. Not later than six (6) Business Days prior to each Installment Payment Date the District shall, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer for deposit in reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts other than this Agreement, that sum, if any, necessary to restore such reserve funds to the required amount.

(c) Surplus. On the last day of each month, moneys on deposit in the Revenue Fund not necessary to make any of the payments required above may be expended by the District at any time

for any purpose permitted by law, including payment of unpaid amounts due on obligations subordinate hereto, and transfers to the Rate Stabilization Fund in accordance with Section 5.04 and Special Purpose Funds pursuant to Section 5.05.

Section 5.03. Additional Contracts and Bonds – Net Revenues. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) The Net Revenues for either: (i) the most recent audited Fiscal Year; or (ii) twelve of the last eighteen months, in each case preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year or twelve month period, as the case may be, to increases in rates and charges with respect to the Water System, the Reclaimed Water System and the Wastewater System approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the District, shall have produced a sum equal to at least one hundred twenty percent (120%) of the Debt Service for such Fiscal Year or twelve month period, as the case may be, plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year or twelve month period, as the case may be, assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year, plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year or twelve month period, as the case may be; and

For purposes of this Section 5.03(a), Revenues in any Fiscal Year shall not include any amounts transferred from the Rate Stabilization Fund to the Revenue Fund in excess of twenty percent (20%) of the Debt Service for such Fiscal Year.

(b) Notwithstanding the foregoing, Bonds issued or Contracts executed to refund Bonds or Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than 110% Debt Service that would have been payable in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

Section 5.04. Establishment of Rate Stabilization Fund. There is hereby established a special fund designated as the “Rate Stabilization Fund” to be held by the District in trust hereunder, which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments remain unpaid. Money transferred by the District from the Revenue Fund to the Rate Stabilization Fund in accordance with Section 5.02(c) shall be held in the Rate Stabilization Fund and applied in accordance with the terms hereof.

The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with Section 5.02 hereof. Amounts transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to this Section 5.04 during or within 270 days after a Fiscal Year, may be taken into account as Revenues for purposes of the calculations in Sections 5.03(a) and 6.13(a) in such Fiscal Year.

Section 5.05. Establishment of Special Purpose Funds. Amounts in Special Purpose Funds may be applied and used for the purposes hereinafter described in this Agreement, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the District.

The District may withdraw all or any portion of the amounts on deposit in a Special Purpose Fund and transfer such amounts to the Revenue Fund for application in accordance with Section 5.02 hereof upon a determination by resolution of the Board of Directors of the District substantially to the effect that (a) (i) non-routine expenditures resulting from extraordinary events, including but not limited to droughts and natural disasters, are reasonably expected to be incurred, and (ii) reduced Revenues have resulted from such an extraordinary event, (b) application of amounts on deposit in one or more Special Purpose Funds to the payment of such expenditures is financially prudent and necessary, and (c) the Board of Directors has adopted a budget amendment, if necessary, to reflect such expenditures and the transfer of such amounts from Special Purpose Funds to the Revenue Fund. Amounts transferred from Special Purpose Funds to the Revenue Fund pursuant to this Section 5.04 during or within 270 days after the end of a Fiscal Year, may be taken into account as Revenues for purposes of the calculations in Sections 5.03(a) and 6.13(a) in such Fiscal Year.

Section 5.06. Investments. All moneys held by the District in the Revenue Fund, the Acquisition Fund, the Rate Stabilization Fund and the Special Purpose Funds shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 10.06 hereof, each of the agreements, conditions, covenants and terms contained in this Agreement is an essential and material term of the purchase of and payment for the Project by the District pursuant to, and in accordance with, and as authorized under the Law.

Section 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on any other Revenues or the moneys in the Revenue Fund, the Rate Stabilization Fund or the Special Purpose Funds senior to the lien created in Section 5.01 hereof. The District will not make any pledge of or place any lien on any other Revenues or the moneys in the Revenue Fund, the Rate Stabilization Fund or the Special Purpose Funds on a parity with the lien created in Section 5.01 hereof except as provided in Section 5.03. The District may at any time, or from time to time; (i) incur evidences of indebtedness or incur other obligations for any lawful purpose which are payable from

and secured by a pledge of or lien on Revenues or any moneys in the Revenue Fund, the Rate Stabilization Fund and the Special Purpose Funds as may from time to time be deposited therein, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein; or (ii) execute Contracts or issue Bonds as permitted herein.

Section 6.03. Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which impairs the operation of the Water System, the Reclaimed Water System or the Wastewater System or any part thereof necessary to secure adequate Revenues for the payment of the Installment Payments, or which would otherwise impair the rights of the Authority hereunder or the operation of the Water System, the Reclaimed Water System or the Wastewater System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, the Reclaimed Water System or the Wastewater System or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Water System, the Reclaimed Water System or the Wastewater System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in: (i) the purchaser of such portion of the Water System, the Reclaimed Water System or the Wastewater System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System; or (ii) the creation of a payment obligation of the District structurally or contractually senior to the obligation to make Installment Payments.

Section 6.04. Against Competitive Facilities. To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any water system or wastewater system competitive with the Water System, the Reclaimed Water System or the Wastewater System.

Section 6.05. Tax Covenants. Notwithstanding any other provision of this Agreement, absent an opinion of Special Counsel that the exclusion from gross income of the interest component of the Installment Payments will not be adversely affected for federal income tax purposes, the District and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenant, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District and the Authority will not take or omit to take any action or make any use of any proceeds of this Agreement or of any other moneys or property which would cause the Installment Payments to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The District and the Authority will make no use of any proceeds of this Agreement or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Installment Payments to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The District and the Authority will make no use of any proceeds of this Agreement or take or omit to take any action that would cause the Installment Payments to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The District and the Authority will take or cause to be taken all necessary action to comply with the informational reporting requirements of Section 149(e) of the Code.

(e) Hedge Bonds. The District and the Authority will make no use of any proceeds of this Agreement or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Installment Payments to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of the interest component of the Installment Payments for federal income tax purposes.

(f) Miscellaneous. The District and the Authority will take no action, or omit to take any action, inconsistent with the expectations stated in any tax certificate executed in connection with the Installment Payments and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District and the Authority from causing to be executed and delivered Contracts or to issue Bonds, the interest with respect to which has been determined by Special Counsel not to be subject to federal income taxation.

Section 6.06. Maintenance and Operation. The District will maintain and preserve the Water System, the Reclaimed Water System and the Wastewater System in good repair and working order at all times and will operate the Water System, the Reclaimed Water System and the Wastewater System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

Section 6.07. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Installment Payments or to the Owners prior or superior to the lien of the Installment Payments or which might impair the security of the Installment Payments.

Section 6.08. Compliance with Contracts. The District will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner materially adversely impair the ability of the District to pay Installment Payments; and the District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Water System, the Reclaimed Water System or the Wastewater System.

Section 6.09. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Water System, the Reclaimed Water System and the Wastewater System with responsible insurers in such amounts and against such risks (including damage to or destruction of the

Water System, the Reclaimed Water System and the Wastewater System) as are usually covered in connection with water and wastewater systems similar to the Water System, the Reclaimed Water System and the Wastewater System so long as such insurance is available from reputable insurance companies.

In the event of any damage to or destruction of the Water System, the Reclaimed Water System or the Wastewater System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System, the Reclaimed Water System or the Wastewater System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

If such net proceeds exceed the costs of such reconstruction, repair or replacement, then the excess net proceeds shall be applied by the District in any manner permitted by law, including but not limited to prepay the Installment Payments, in the manner provided in Section 7.01 herein.

The District shall procure and maintain or cause to be procured and maintained, with responsible insurers, public liability and worker's compensation insurance covering claims against the District (including its directors, officers and employees) for bodily injury or death, or damage to property occasioned by reason of the District's operations, including any use of the Water System, the Reclaimed Water System and the Wastewater System and such insurance shall afford protection in such amounts as are usually covered in connection with operations similar to the Water System, the Reclaimed Water System and the Wastewater System; provided, that such insurance coverage may be satisfied under a self-insurance program which is actuarially sound.

(b) The District will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the Authority, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with water systems similar to the Water System, the Reclaimed Water System and the Wastewater System.

(c) Any insurance required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained through the participation by the District of an insurance program administered by a joint exercise of powers authority for public agencies.

All policies of insurance required to be maintained herein shall provide that the Authority and the Bank shall be given thirty (30) days written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 6.10. Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the District, which records shall be available for inspection by the Authority and the Bank at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Authority and the Bank annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2024) audited financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

(c) The District will provide the Authority and the Bank with copies of its annual budget within 30 days following the adoption thereof and any interim updates of the budget.

Section 6.11. Protection of Security and Rights of the Authority. The District will preserve and protect the security hereof and the rights of the Authority to the Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.12. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System, the Reclaimed Water System or the Wastewater System or any part thereof or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, the Reclaimed Water System or the Wastewater System or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.13. Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges (including land based charges) which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred twenty percent (120%) of the Debt Service payable in such Fiscal Year; provided however, for purposes of this Section 6.13, the District shall not include as Revenues proceeds of the sale of real property; and provided, further, that for purposes of this Section 6.13(a), Revenues in such Fiscal Year shall not include any amount transferred from the Rate Stabilization Fund to the Revenue Fund in excess of twenty percent (20%) of Debt Service payable in such Fiscal Year.

(b) The District may make adjustments from time to time in such rates and charges (including land based charges) and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges (including land based charges) then in effect unless the Net Revenues from such reduced rates and charges (including land based charges) are reasonably expected to be sufficient to meet the requirements of this Section 6.13.

(c) For avoidance of doubt, so long as the District has complied with its obligations set forth in Section 6.13(a) above, the failure of Net Revenues to meet the threshold set forth in Section 6.13(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with Section 6.13(a) at the commencement of the succeeding Fiscal Year.

Section 6.14. Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Water System, the Reclaimed Water System and the Wastewater System and providing for the billing thereof and for a due date and a delinquency date for each bill.

Section 6.15. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

Section 6.16. Enforcement of Contracts. The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would result in a default by the District in the payment of Installment Payments.

Section 6.17. Budgets. On or prior to the fifteenth day of each Fiscal Year, the District shall certify to the Bank that the amounts budgeted for payment of Installment Payments are fully adequate for the payment of all Installment Payments due under this Agreement for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of Installment Payments due under this Agreement, the District will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the District in the then ensuing Fiscal Year for the payment of Installment Payments due under this Agreement and will notify the Bank of the proceedings then taken or proposed to be taken by the District.

Section 6.18. Observance of Laws and Regulations. To the extent necessary to assure its performance hereunder, the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 6.19. Compliance with Contracts. The District shall comply with the terms, covenants and provisions, express or implied, of all contracts for the use of the Water System, the Reclaimed Water System and the Wastewater System by the District, and all other contracts and agreements affecting or involving the Water System, the Reclaimed Water System and the Wastewater System to the extent that the District is a party thereto.

Section 6.20. Prosecution and Defense of Suits. The District shall promptly, upon request of the Bank, 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 Water System, the Reclaimed Water System and the Wastewater System or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Authority and the Bank 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.

The District shall defend against every suit, action or proceeding at any time brought against the Authority and the Bank, as assignee under the Assignment Agreement, upon any claim arising out of the receipt, application or disbursement of any of the Installment Payments or involving the rights of the Authority and the Bank, as assignee under the Assignment Agreement, under this Agreement; provided that the Authority at its election may appear in and defend any such suit, action or proceeding.

The District shall indemnify and hold harmless the Authority and the Bank, as assignee under the Assignment Agreement, against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement. The District shall promptly reimburse the Authority and the Bank, as assignee under the Assignment Agreement, in the full amount of any attorneys' fees or other expenses which the Authority may incur in litigation or otherwise in order to enforce such party's rights under this Agreement.

Section 6.21. Bankruptcy. The District agrees, to the fullest extent permitted by law, to voluntarily apply all Revenues to pay Installment Payments when due in the case of any bankruptcy proceeding undertaken pursuant to Chapter 9 of Title 11 of the United States Code.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.01. Prepayment.

(a) The District may prepay the principal component of Installment Payments as a whole or in part, on any date from insurance or condemnation awards with respect to damage, destruction or taking of a significant portion of the Water System, the Reclaimed Water System or the Wastewater System.

(b) The District may prepay the principal component of Installment Payments in whole or in part on any date from any available funds at the following redemption prices expressed as a percentage of the principal amount to be prepaid, plus accrued interest thereon to the date of prepayment:

Prepayment Dates

Prepayment Prices

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Authority).

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall give written notice to the Authority and the Bank specifying the date on which the Installment Payments will be paid, which date shall be not less than thirty (30) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01. Events of Default and Acceleration of Installment Payments. If one or more of the following Events of Default shall happen:

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

(b) if default shall be made by the District in the performance of any of the other agreements or covenants required herein or in any Contract or Bond to be performed by it, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Authority, provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such thirty (30) day period, and corrective action is instituted by the District within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder;

(c) if the District shall file 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 if a court of competent jurisdiction shall approve 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 if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property; or

(d) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms; or

then and in each and every such case during the continuance of such Event of Default specified above, the Default Rate shall be applicable and the Bank or the Authority may, by notice in writing to the District, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the District shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Installment Payments and/or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority, or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment

shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.01, all Revenues thereafter received shall be applied in the following order:

First, to the payment of the fees, costs and expenses of the Bank, if any, including reasonable compensation to its accountants and counsel;

Second, to payment of the fees, costs and expenses of the Authority, if any, including reasonable compensation to its accountants and counsel;

Third, to the payment of the Operation and Maintenance Costs; and

Fourth, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 8.03. Other Remedies of the Authority. The Authority shall have the right:

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

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

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

Notwithstanding anything contained herein, neither the Authority or the Bank shall have a security interest in or mortgage on the Project, the Water System, the Reclaimed Water System or the Wastewater System or other assets of the District, and no default hereunder shall result in the loss of the Project, the Water System, the Reclaimed Water System or the Wastewater System or other assets of the District.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right

or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

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

Section 8.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

If any remedial action is discontinued or abandoned, the Authority and the Bank shall be restored to their former positions.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01. Discharge of Obligations.

(a) When all or any portion of the Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Installment Payments shall have been filed with the Bank; and

(b) there shall have been deposited with the Bank at or prior to the Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (a) of the definition thereof, the principal of and interest on which when due will provide money sufficient, without reinvestment, to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant addressed to the Bank and the Bank has received an opinion addressed to it in form and substance satisfactory to the Bank in its sole discretion of qualified counsel to the effect that such deposit and prepayment will not cause the interest component of Installment Payments to be included in gross income for federal income tax purposes;

then and in that event, the right, title and interest of the Authority herein and the obligations of the District hereunder shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Installment Payments, and the obligation of the District to pay any deficiency in such moneys and Permitted Investments).

Upon payment in full of the principal component of all Installment Payments plus interest thereon to the date of payment, the Bank shall pay over to the District as an overpayment of Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Installment Payments, which moneys and Permitted Investments shall continue to be held by the Bank in trust for the payment of the Installment Payments and shall be applied by the Bank to the payment of the Installment Payments of the District.

ARTICLE X

MISCELLANEOUS

Section 10.01. Liability of District Limited. The obligation of the District to make the Installment Payments is a special obligation of the District payable solely the Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained herein, but subject to the priority payment with respect to Operation and Maintenance Costs, the District shall not be required to advance any moneys derived from any source of income other than the Revenues and the Revenue Fund for the payment of amounts due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

Section 10.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Authority and the Bank, as assignee of the Authority pursuant to the terms of the Assignment Agreement, any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Authority shall be for the sole and exclusive benefit of the other party.

Section 10.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby", "herein," "hereof," "hereto," "herewith" and other words

of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Authority hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.07. Assignment. This Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the District. The District hereby acknowledges that the Authority has assigned its rights hereunder, including, without limitation, the right to receive Installment Payments, to exercise any remedies and grant any consents hereunder, to the Bank and references herein to the Authority shall mean the Bank.

Section 10.08. Net Contract. This Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.09. California Law. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: Trabuco Canyon Water District
 32003 Dove Canyon Drive
 Trabuco Canyon, CA 92679
 Attention: General Manager

If to the Authority: Trabuco Canyon Public Financing Authority
 c/o Trabuco Canyon Water District
 32003 Dove Canyon Drive
 Trabuco Canyon, CA 92679
 Attention: Treasurer

If to the Bank: _____

Attention: _____

Section 10.11. Effective Date. This Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority).

Section 10.12. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13. Indemnification of Authority and Bank. The District hereby agrees to indemnify and hold harmless the Authority, the Bank, their respective shareholders, owners, officers, directors, and assigns if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder; provided that no indemnification will be made for willful misconduct, gross negligence or breach of an obligation hereunder by the Authority or the Bank.

Section 10.14. Amendments Permitted. This Agreement and the rights and obligations of the Authority and the District may be modified or amended at any time by an amendment hereto which shall become binding with the written consent of the Bank.

Section 10.15. Waiver of Jury Trial; Agreement for Judicial Reference. To the fullest extent permitted by law, the District hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, this Agreement or any related documents, or the enforcement of any remedy under any law, statute, or regulation.

To the extent the foregoing waiver of a jury trial is unenforceable under applicable State of California law, the District agrees to refer, for a complete and final adjudication, any and all issues of fact or law involved in any litigation or proceeding (including all discovery and law and motion matters, pretrial motions, trial matter and post-trial motions up to and including final judgment), brought to resolve any dispute (whether based on contract, tort or otherwise) between the parties hereto arising out of, in connection with or otherwise related or incidental to this Agreement to a judicial referee who shall be appointed under a general reference pursuant to California Code of Civil Procedure Section 638, which referee's decision will stand as the decision of the court. Such judgment will be entered on the referee's statement of judgment in the same manner as if the action had been tried by the court. The District and the Bank shall select a single neutral referee, who shall be a retired state or federal judge with at least five years of judicial experience in civil matters; provided that the event the District and the Bank cannot agree upon a referee, the referee will be appointed by the court.

Section 10.16. Transfer. This Agreement is not subject to transfer or assignment by the District. The District acknowledges that the Bank may transfer or assign this Agreement in whole and not in part provided that:

- (a) the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations;

(b) the transferring holder thereof can transfer this Agreement only to a transferee who executes and delivers to the District a letter of the transferee substantially in the form attached as Exhibit C and who qualifies as an:

(i) a qualified institutional buyer pursuant to Rule 144A of the 1933 Securities Act; or

(ii) an “accredited investor” within the meaning of Section 2(15) of the 1933 Securities Act; and

(c) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the District without the prior review and written consent of the District, in the District’s sole discretion.

Section 10.17. Restrictions on Agreement. The District and the Authority understand that this Agreement shall not be, and the District and the Authority shall not cause this Agreement to be, (a) assigned a rating by any credit rating agency, (b) registered with The Depository Trust Company or any other securities depository, (c) offered pursuant to any type of offering document or official statement, (d) assigned a DTC-registered CUSIP number by Standard & Poor’s CUSIP Service or (e) listed on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website (“EMMA”); provided, however, that Oppenheimer & Co. Inc., as placement agent for the District, will post the issuer’s name, issue description, closing date, principal amount, the interest rate and the maturity date of this Agreement on EMMA.

Section 10.18. Expenses. The District or the Authority shall pay (or cause to be paid), and the Bank shall be under no obligation to pay, the costs of the execution and delivery of the Agreement, including but not limited to the following (i) the fees and disbursements of the following: Special Counsel, Counsel to the Bank, the District’s General Counsel, the Placement Agent to the District; (ii) the California Debt and Investment Advisory Commission fees; and (iii) all other fees and expenses incident to the execution and delivery of the Agreement. The Bank shall not have any responsibility for any expenses associated with the Agreement, including, but not limited to, the expenses identified above as the obligation of the District or the Authority.

Section 10.19. Website Disclosure. If the District elects or is required to post this Agreement and related documentation on a national public market repository, the District may do so with certain information redacted pursuant to this Section. With respect to any such posting, the District shall provide such documentation to the Bank for review with reasonable advance notice prior to any posting deadline imposed by applicable law and shall consider in good faith reasonable redaction requests of the Bank Sensitive Data (defined below) that are provided within a reasonable period prior to such posting deadline. The District shall redact such “Bank Sensitive Data” as directed by the Bank. For the purpose of this Section, “Bank Sensitive Data” means signatures/names, account numbers, wire transfer and payment instructions and any other data that could be reasonably construed as sensitive information.

Section 10.20. OFAC; Patriot Act.

(a) The Bank shall obtain, verify and record information that identifies the District, which information includes the name and address of the District and other information that will allow the

Bank to identify the District in accordance with the Patriot Act. The District hereby agrees that it shall promptly provide such information upon request by the Bank.

(b) The District shall: (i) ensure that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the U.S. Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the District or from otherwise conducting business with the District; and (ii) to ensure that the proceeds received hereunder shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

[SIGNATURES ON FOLLOWING PAGE.]

DRAFT

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

TRABUCO CANYON WATER DISTRICT

President of the Board of Directors of the Trabuco
Canyon Water District

ATTEST

Secretary of the Trabuco Canyon Water District

TRABUCO CANYON PUBLIC FINANCING
AUTHORITY

Chair

ATTEST

Secretary

EXHIBIT A
PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$_____.
2. The installment payments of principal and interest are payable in the amounts and on the Installment Payment Dates as follows:

| <i>Installment Payment Date</i> | <i>Amount Attributable to Principal</i> | <i>Amount Attributable to Interest*</i> | <i>Total</i> |
|-------------------------------------|---|---|--------------|
|-------------------------------------|---|---|--------------|

DRAFT

* Interest amounts calculated at a rate of _____% per annum on the basis of a 360-day year comprised of twelve 30-day months.

EXHIBIT B
THE PROJECT
DESCRIPTION OF THE 2024 PROJECT
(COMPONENT A)

Component

Estimated Capital Cost

\$

DESCRIPTION OF THE 2022 PROJECT
(COMPONENT B)

Component

Estimated Capital Cost

\$

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EXHIBIT C

FORM OF PURCHASER LETTER

Trabuco Canyon Water District
32003 Dove Canyon Drive
Trabuco Canyon, CA 92679

Re: \$ _____ *Trabuco Canyon Water District Installment Purchase Agreement*

Ladies and Gentlemen:

The undersigned, an authorized representative of _____, a California state-chartered bank (the “Purchaser”), hereby represents and warrants to you as follows:

1. The Purchaser is the assignee of the above-referenced agreement (the “Agreement”) approved pursuant to that certain Resolution adopted by the Board of Directors of the Trabuco Canyon Water District (the “District”) on _____, 2024 (the “Resolution”).

2. The Purchaser has sufficient knowledge and experience in business and financial matters in general, and the lending to public agencies, to enable the Purchaser to evaluate the Agreement, the credit of the District, the collateral and the Agreement terms and that the Purchaser will make or has made its own independent credit analysis and decision to enter into the Agreement based on an independent examination and evaluation of the transaction and the information deemed appropriate, without reliance on the District or its affiliates, its directors, officers, employees, attorneys, municipal advisor, or agents.

3. The Purchaser acknowledges that no official statement has been prepared in connection with the Agreement, that the execution and delivery of the Agreement is exempt from Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, pursuant to Section (d) of said Rule, and that the District will not be entering into a continuing disclosure agreement to provide ongoing disclosure respecting the Agreement or the security therefor. The Purchaser has had the opportunity to conduct its own due diligence as to the transactions set forth in the Agreement and has been offered copies of or full access to all documents relating to the Agreement and all records, reports, financial statements and other information concerning the District and pertinent to the source of payments due under the Agreement as deemed material by the Purchaser, which the Purchaser has requested and to which the Purchaser would attach significance in making a transaction decision.

4. The Purchaser confirms that its execution and delivery of the Agreement is suitable for and consistent with its loan portfolio and that the Purchaser is able to bear the economic risk of the execution and delivery of the Agreement, including a complete loss under the Agreement.

5. The Purchaser is executing and delivering the Agreement for not more than one account, solely for its own loan account, and not with a present view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser’s property will remain at all times within its control). Because the Purchaser intends to treat the execution and delivery of the Agreement as a loan and hold

the Agreement in its loan portfolio, the Purchaser has not directed or requested a CUSIP number for this transaction, or applied for eligibility with The Depository Trust Company (DTC).

6. The Purchaser understands that: (i) the Agreement: (a) has not been registered under the Securities Act of 1933 (the “Securities Act”); (b) has not been registered or qualified under any state securities or “Blue Sky” laws; (c) will not be listed on any stock or other securities exchange; (d) will carry no rating from any rating service specific to the Agreement at the request of the District (although similar securities of the District may carry ratings); and (e) due to a lack of a rating and lack of registration with a securities depository may not be readily marketable and the Purchaser will be required to bear the risk of the Agreement for a certain period of time; and (ii) the Agreement has not been qualified under the Trust Indenture Act of 1939, as amended.

7. The Purchaser has been furnished with and has examined the Agreement, the Resolution and other documents, certificates and the legal opinions delivered in connection with the execution and delivery of the Agreement.

8. The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed. The person executing this letter on behalf of the Purchaser is duly authorized to do so on the Purchaser’s behalf.

9. The Purchaser is a “qualified institutional buyer” (a “Qualified Institutional Buyer”) within the meaning of Rule 144A promulgated under the Securities Act, or an institutional “accredited investor” (an “Institutional Accredited Investor”) as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.

10. The Purchaser understands and agrees that interest in the Agreement may be transferred: (i) only to a Person that the Purchaser reasonably believes is either: (A) a Qualified Institutional Buyer that is receiving an interest in the Agreement for not more than one account, for their own account and not with a view to distributing such interest; or (B) an Institutional Accredited Investor that is receiving an interest in the Agreement for not more than one account and not with a view to distributing such interest; and (ii) only if such Qualified Institutional Buyer or Institutional Accredited Investor delivers to the District a completed and duly executed Purchaser Letter substantially in the form hereof. The Purchaser retains the right to participate its interests in the Agreement but only to Qualified Institutional Buyers or Institutional Accredited Investors.

11. Inasmuch as the Agreement represents a negotiated transaction, the Purchaser is not acting as a fiduciary of the District, but rather is acting solely in its capacity as the Purchaser, for its own loan account.

12. The Purchaser understands that the Agreement shall not be, and the Purchaser shall not cause the Agreement to be, (i) assigned a rating by any credit rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) offered pursuant to any type of offering document or official statement, (iv) assigned a DTC-registered CUSIP number by Standard & Poor’s CUSIP Service or (v) listed on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website (“EMMA”); provided, however, that Openheimer & Co. Inc., as placement agent for the District, will post the issuer’s name, issue description, closing date, principal amount, the interest rate and the maturity date of this Agreement on EMMA.

13. The Purchaser understands that the District will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

14. No person has made any direct or indirect representation or warranty of any kind to the Purchaser with respect to the economic return which may accrue to the Purchaser. The Purchaser has consulted with its own tax counsel and other advisors with respect to the loan represented by the Agreement.

IN WITNESS WHEREOF, the Purchaser has executed this Letter as of the date set forth below.

Dated: _____, 20__

Very truly yours,

By: _____

Name: _____

Title: _____

DRAFT

EXHIBIT D

FORM OF REQUISITION FOR
DISBURSEMENT FROM ACQUISITION FUND

TRABUCO CANYON WATER DISTRICT
INSTALLMENT PURCHASE AGREEMENT

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting General Manager of the Trabuco Canyon Water District, a county water district organized and existing under the laws of the State of California (the “District”), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.06 of that certain Installment Purchase Agreement, dated as of April 1, 2024 (the “Installment Purchase Agreement”), by and between the District and the Trabuco Canyon Public Financing Authority, the undersigned hereby requests the Treasurer to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement, to the payees designated on the attached Exhibit A;

(iii) that each obligation mentioned herein has been incurred by the District and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit A has been received and is final; and

(v) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit A, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.

TRABUCO CANYON WATER DISTRICT

General Manager

EXHIBIT A

ACQUISITION FUND DISBURSEMENTS

| <i>Item Number</i> | <i>Payee Name and Address</i> | <i>Purpose of Obligation</i> | <i>Amount</i> |
|------------------------|-------------------------------|----------------------------------|---------------|
| _____ | | | _____ |
| _____ | | | _____ |
| _____ | | | _____ |
| _____ | | | _____ |
| _____ | | | _____ |

DRAFT

ASSIGNMENT AGREEMENT

by and between

TRABUCO CANYON PUBLIC FINANCING AUTHORITY

and

Dated as of April 1, 2024

DRAFT

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into as of April 1, 2024, by and between the Trabuco Canyon Public Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “Authority”) and _____, a _____ (including its successors, the “Bank”);

NOW, THEREFORE, IN CONSIDERATION 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 in hand received, does hereby sell, assign and transfer to the Bank without recourse, all of its rights, title, and interest in the Installment Purchase Agreement, dated as of April 1, 2024 (the “Installment Purchase Agreement”), by and between Trabuco Canyon Water District and the Authority, including the right to receive all installment payments from Trabuco Canyon Water District (but specifically excluding the right to be indemnified and the right to receive notices pursuant to the Installment Purchase Agreement), together with any and all of the other rights of the Authority under the Installment Purchase Agreement as may be necessary to enforce payment of such installment payments when due or otherwise to protect the interests of the Bank. The assignment herein is absolute and presently effective.

Section 2. Acceptance.

The Bank hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such installment payments from Trabuco Canyon Water District under the Installment Purchase Agreement and the other rights assigned to it.

Section 3. Conditions.

This Assignment Agreement shall constitute a complete assignment by the Authority of all of its rights under and pursuant to the Installment Purchase Agreement, except as otherwise provided herein.

Section 4. Further Assurances.

The Authority shall, from time to time at the request of the Bank, execute and deliver such further acknowledgments, agreements and instruments of assignment, transfer and assurance, and do all such further acts and things as may be necessary or appropriate in the reasonable opinion of the Bank to give effect to the provisions hereof and to more perfectly confirm the rights, titles and interests hereby assigned and transferred to the Bank.

Section 5. Undefined Terms.

All terms used but not otherwise defined herein shall have the meanings assigned to such terms by the Installment Purchase Agreement.

Section 6. Execution in Counterparts.

This Assignment Agreement may be executed in any number of counterparts, each of which is an original and all together constitute one and the same agreement. Separate counterparts of this Assignment Agreement may be separately executed by the Bank and the Authority, both with the same force and effect as though the same counterpart had been executed by the Bank and the Authority.

Section 7. Binding Effect.

This Assignment Agreement inures to the benefit of and binds the Authority and the Bank, and their respective successors and assigns, subject, however, to the limitations contained in the Installment Purchase Agreement and herein.

Section 8. Governing Law.

This Assignment Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California.

[SIGNATURES ON FOLLOWING PAGE.]

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

TRABUCO CANYON PUBLIC FINANCING
AUTHORITY

By: _____
Chair

Attest:

Secretary

[_____]

By: _____
Its: Authorized Officer

DRAFT

**TRABUCO CANYON PUBLIC FINANCING AUTHORITY
REGULAR MEETING | APRIL 18, 2024**

ACTION CALENDAR

ITEM 3: OTHER MATTERS/REPORTS

Other Matters/Reports may be provided at the time of the Regular Annual Meeting.

RECOMMENDED ACTION

Hear Other Matters/Reports that may have arisen after the posting of the agenda.

EXHIBIT

None

CONTACTS (staff responsible): PALUDI/PEREA