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Resolution 21-05

**TRUST AGREEMENT**

**by and among the**

**CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT**

**and the**

**CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY**

**and the**

**GENERAL MANAGER  
OF THE CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT,  
as Trust Administrator**

**Dated as of September 14, 2021**

**Relating to**

**§ \_\_\_\_\_  
CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY  
(CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT)  
SERIES 2021 WATER REVENUE CERTIFICATES OF PARTICIPATION  
(WATER SYSTEM IMPROVEMENT PROJECT)  
BANK QUALIFIED**

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## TRUST AGREEMENT

**THIS TRUST AGREEMENT**, dated as of \_\_\_\_\_, 2021, is by and among the CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), the CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT, a community services district, duly organized and validly existing under the laws of the State of California (the “District”), and THE GENERAL MANAGER OF THE CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT, as Trust Administrator (the “Trust Administrator”);

### *WITNESSETH:*

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

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

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

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

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

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

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

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

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

## **ARTICLE I DEFINITIONS; AUTHORIZATION; EXHIBITS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**County**” means the County of Placer, California.

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



provisions of the Code, the most recently published The Bond Buyer Bond Revenue Index (or comparable index if no longer published) plus one hundred fifty (150) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus one hundred fifty (150) basis points.

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

**“Denomination Amount”** means the minimum denomination of each Certificate which is One Thousand Dollars (\$1000).

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

**“District”** means the Christian Valley Park Community Services District, a community services district, duly organized and validly existing under the laws of the State of California.

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

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

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

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

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

**“Generally Accepted Accounting Principles”** means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for special districts in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

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

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

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

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

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

**“Independent Engineer”** means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems similar to the Water System, appointed and paid by the District, and who or each of whom:

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

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

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

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

**“Installment Payment Date”** means each Interest Payment Date.

**“Installment Payment Fund”** means the fund designated “Christian Valley Park Community Services District, Project Installment Payment Fund” established and held by the Trust Administrator pursuant to Article III of this Trust Agreement.

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

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

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

**“Interest Payment Date”** means February 1 and August 1 of each year, commencing February 1, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Federal Securities and any investment fund, including money market funds or other investment policy arrangement which purchases and holds exclusively Federal Securities;

(ii) Obligations issued by federal land banks or federal home loan banks; or obligations, participations, or other instruments issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or obligations, participations, or other instruments issued by a federal agency or a United States government-sponsored enterprise;

(iii) Investments in repurchase agreements under the terms of which the underlying collateral is transferred to the possession of the Trust Administrator of any securities authorized by paragraphs (i) and (ii) above which have a fair market value (valued at cost) at least equal to \_\_\_% of the amount invested in the repurchase agreement and are free of third party claims;

(iv) Nonnegotiable certificates of deposit issued by a nationally chartered bank, a bank chartered by the State of California or a foreign banking corporation, authorized pursuant to Section 1756 of the California Financial Code to transact business in the State of California by accepting deposits, or a State of California or federal savings and loan association, provided that such certificates of deposit are fully collateralized in the manner required for collateralization of trust funds;

(v) Any investment agreement, guarantee or other investment vehicle or security issued by, secured by or otherwise representing the general obligations of a financial institution whose long-term unsecured, uninsured and unguaranteed obligation or claims-paying ability is rated AA or better by any Rating Agency at the time of its issuance, provided that: (a) the agreement is not subordinated to any other obligations of such financial institution; and (b) if the financial institution fails to maintain a rating of AA or better (without regard to gradations), the District and/or the Authority shall have the right to demand collateral in the form of securities authorized by paragraphs (i) and (ii) above pledged to secure the investment agreement. Such collateral shall be pledged through the Trust Administrator and shall have a fair market value (valued at cost) of at least \_\_\_% of the value of funds remaining in the investment agreement. Further, the District and/or the Authority shall have the right to withdraw all funds without penalty should the financial institution fail to provide collateral as required under this paragraph;

(vi) Investments otherwise defined in Section 53601 of the California Government Code, as amended from time to time; provided that the Trust Administrator shall not be obligated to invest in any form of investment pursuant to this subparagraph (vi) except upon receipt of a certificate of a

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

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

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

**“Principal Amount”** means the aggregate authorized principal amount of the Certificates which is \$\_\_\_\_\_.

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

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

**“Principal Payment Date”** means August 1 of each year, commencing with August 1, 2022, and ending on August 1 20\_\_.

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

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

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

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

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

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

**“Reserve Requirement”** means an amount equal to the monthly District deposits required pursuant to Section 3.11 of the Installment Sale Agreement, ultimately accumulating to a total of \$167,168.

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

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

**“State”** means the State of California.

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

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

**“Term of the Installment Sale Agreement”** means the time during which the Installment Sale Agreement is in effect which begins on the Closing Date and ends on August 1 20 \_\_, unless sooner terminated pursuant to the terms of the Installment Sale Agreement.

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

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

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

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

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

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

**Section 1.03. Content of Written Certificates.**

(a) **Contents.** Every Written Certificate provided for in this Trust Agreement with respect to compliance with any provision hereof, except Written Certificates delivered on the Closing Date and the

certificate of destruction pursuant to Section 14.07, shall include (a) a statement that the person making or giving such Written Certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Written Certificate is based; (c) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such Written Certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

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

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

## ARTICLE II THE WATER REVENUE CERTIFICATES

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

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

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



**Maturity**                      **Principal**                      **Maturity**                      **Principal**  
**Date**                                      **Due**                                      **Date**                                      **Due**

**Section 2.04. Interest.** The interest evidenced and represented by the Certificates shall be payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing on February 1, 2022 and continuing to and including the Certificate Maturity Date or upon prepayment prior thereto, and shall evidence and represent the sum of the portions of the Installment Payments designated as interest components (each, an “Interest Component Payment”) coming due on the Interest Payment Dates during the interest period immediately preceding each of the Interest Payment Dates. Interest shall be calculated with respect to the Original Purchaser’s aggregate payments for the single Certificate from the respective date(s) of advances thereof, as such payments and dates thereof are endorsed on the single Certificate and computed on the basis of a 365-day year (and actual days elapsed). Each Interest Component Payment shall be computed by multiplying the portion of Installment Payments designated as principal with respect to such Certificate by the rate of interest applicable to such Certificate.

Interest on any Certificate shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless (i) such Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) such Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding the following Interest Payment Date and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) such Certificate is executed on or before January 15, 2022, in which event interest shall be payable from the date of delivery thereof; provided, however, that if at the time of execution of any Certificate, interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payment of interest with respect to any Certificate shall be made to the person appearing on the Certificate Register of the Trust Administrator as the Owner thereof as of the fifteenth (15th) day of the month preceding such Interest Payment Date, such interest to be paid as specified in Section 2.09 hereof.

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

**Section 2.06. Execution and Authentication.** The Certificates shall be signed in the name and on behalf of the Authority with the manual or facsimile signature of its Chair, Vice Chair or Treasurer, and shall be delivered to the Trust Administrator for authentication. In case any officer of the Authority who shall have signed any of the Certificates shall cease to be such officer before the Certificates so signed shall have been authenticated or delivered by the Trust Administrator or issued by the Authority, such Certificates may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority.

Only such of the Certificates as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually or by facsimile signature authenticated on behalf of the Trust Administrator, shall be valid or obligatory for any purpose or entitled to the benefits of this Trust Agreement, and such certificate of the Trustee shall be conclusive evidence that the Certificates so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Trust Agreement.

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

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

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

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

**Section 2.08. Certificate Mutilated, Lost, Destroyed or Stolen.** If any Certificate shall become mutilated, the Trust Administrator, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like maturity and principal amount in authorized denominations in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trust Administrator of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trust Administrator shall be canceled by it and destroyed in accordance with Section 14.07 hereof, and the Trust Administrator shall deliver a certificate of destruction to the District. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trust Administrator and, if such evidence is satisfactory to the Trust Administrator and if an indemnity satisfactory to the Trust Administrator and the Authority shall be given, the Trust Administrator, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and maturity and numbered as the Trust Administrator shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trust Administrator may require payment of an appropriate fee for each new Certificate delivered under this Section 2.08 and of the expenses which may be incurred by the Trust Administrator in carrying out the duties under this Section 2.08. Any Certificate delivered under the provisions of this Section 2.08 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificate secured by this Trust Agreement. The Trust Administrator shall not be required to treat both the original Certificate and any substitute Certificate as being Outstanding for the purpose of determining the principal amount of Certificate which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificate Outstanding hereunder; the Trust Administrator shall consider only the substitute Certificate as Outstanding for such purpose. Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trust Administrator may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trust Administrator.

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

**Section 2.10. Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be

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

(a) The fact and date of the execution by any Owner or such Owner's attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before such notary or officer the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of the authority of such officer or member.

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

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

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

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

**ARTICLE III  
CONSTRUCTION FUND**

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

**Section 3.02. Payment of Construction Costs.**

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

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

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

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

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

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

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

(b) The Trust Administrator shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Construction Fund and the payment

thereof in accordance with this Section 3.02, but the Trust Administrator shall not be responsible for such requisitions.

### **Section 3.03. Payment of Delivery Costs.**

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

(b) The Trust Administrator shall disburse moneys in the Construction Fund to pay the Delivery Costs only upon a receipt of a sequentially numbered requisition, with bills, invoices or statements attached, signed by a District Representative (and, if required, by the Government as the Certificate Owner) setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the Construction Fund as Delivery Costs.

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

## **ARTICLE IV PREPAYMENT OF CERTIFICATES**

### **Section 4.01. Prepayment.**

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

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

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

**Section 4.02. Selection of Certificates for Prepayment.** Whenever provision is made in this Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates are called for

prepayment, the Trust Administrator shall select Certificates for prepayment in inverse order of maturity, unless otherwise requested by District and agreed to by Original Purchaser in its reasonable discretion. The Trust Administrator shall promptly notify the District and the Authority in writing of the Certificates so selected for prepayment, and the District or the Authority shall immediately thereafter revise Exhibit B of the Installment Sale Agreement to reflect such prepayment and shall be and become for all purposes thereafter the “Amended Exhibit B to the Installment Sale Agreement.”

#### **Section 4.03. Notice of Prepayment.**

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

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

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

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

14.07. If the Government is the Owner, prepayment shall be endorsed on the single, fully registered Certificate registered to the Government.

(e) **CUSIP.** The Trust Administrator shall have no responsibility for a defect in any CUSIP number that appears on any Certificate or in the prepayment notice. The prepayment notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Certificate Owners and that the Trust Administrator and the District shall not be liable in any way for inaccuracies in said numbers.

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

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

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

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



**ARTICLE V**  
**INSTALLMENT PAYMENTS; INSTALLMENT PAYMENT FUND**

**Section 5.01. Assignment of Rights in Installment Sale Agreement.** The Authority has, pursuant to the Assignment Agreement, transferred, assigned and set over to the Trust Administrator all of its rights, title and interest in the Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including but not limited to all of the Authority's rights to receive and collect all of the Installment Payments, any Prepayment and all other amounts required to be deposited in the Installment Payment Fund pursuant to the Installment Sale Agreement or pursuant hereto. All Installment Payments, any Prepayment and such other amounts which the Authority may at any time be entitled, shall be paid directly to the Trust Administrator and, in the event of the receipt or collection of Installment Payments by the Authority, such payments shall be deemed to be held or to have been collected or received by the Authority as agent of the Trust Administrator.

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

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

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

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

(a) **Interest Fund.** The Trust Administrator shall transfer from the Installment Payment Fund and deposit in the Interest Fund for receipt before February 1 and August 1 of each year, beginning on February 1, 2022, an amount of money from the Installment Payment Fund which is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Certificates on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the amount of the interest becoming due and payable on all Outstanding Certificates on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trust Administrator solely for the purpose of paying the interest on the Outstanding Certificates; provided that any earnings on deposit in the Interest Fund after payment of interest on Certificates on an Interest Payment Date shall be transferred to the Installment Payment Fund.

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

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

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

**Section 5.05. Surplus.** Any surplus remaining in the Installment Payment Fund, after payment of all Certificates after each Principal Payment Date, and accrued interest (if any) and payment of any applicable fees, costs and expenses to the Trust Administrator, or provision for such prepayment or payment having been made to the satisfaction of the Trust Administrator, shall be withdrawn by the Trust Administrator and remitted to the District; provided, however, that so long as the Government is the Owner of the Certificates, revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the indebtedness evidenced by the Certificates.

## **ARTICLE VI RESERVE FUNDS**

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

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

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

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

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

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

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

In accordance with Section 3.12 of the Installment Sale Agreement, the Trust Administrator shall deposit an initial amount of \$14,825 into the Short-Lived Assets Reserve Fund on or before the Closing Date, and maintain for as long as any of the Certificates remain outstanding to pay for repairs and/or replacement of major system assets.

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

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

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

## **ARTICLE VII INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN**

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

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

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

(b) If (i) less than all of the Project shall have been taken in such eminent domain proceedings, and if the District determines that such eminent domain proceedings have materially affected the operation of the Project or the ability of the District to meet any of its obligations under the Installment Sale Agreement or (ii) all of the Project shall have been taken in such eminent domain

proceedings, then upon receipt of written instruction from the District the Trust Administrator shall transfer such proceeds to the Installment Payment Fund to be credited toward the prepayment required to be paid pursuant to Section 4.03 of the Installment Sale Agreement and applied to the prepayment of Certificates in the manner provided in Article IV hereof.

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

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

## **ARTICLE VIII MONEYS IN FUNDS; INVESTMENT**

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

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

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

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

**Section 8.05. Acquisition, Disposition and Valuation of Investments.**

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

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

**ARTICLE IX  
THE TRUST ADMINISTRATOR**

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

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

(b) **Successor.** So long as no Event of Default shall have occurred and be continuing, the District may, with the written consent of the Owners, remove the Trust Administrator initially

appointed, and any successor thereto, on thirty (30) days written notice and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company which shall be a corporation organized and doing business under the laws of any state, the District or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority, so long as any Certificates are Outstanding. If such corporation publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 9.01 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trust Administrator shall not be effective until written acceptance of appointment by the successor Trust Administrator.

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

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

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

**Section 9.04. Protection and Rights of the Trust Administrator.** The following provisions shall apply to the Trust Administrator in the event the Trust Administrator is not then an officer or employee of the District and shall also apply to the Trust Administrator in the event the Trust Administrator is then an officer

or employee of the District, but only to the extent that such provisions do not conflict with such Trust Administrator's duties as a District officer or employee.

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

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

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

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

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

(f) **Powers and Liability.** The Trust Administrator may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of its duty hereunder, and the Trust Administrator shall not be liable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trust Administrator shall not be liable for the exercise of any



discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

**(g) Limits of Liability.** The Trust Administrator undertakes to perform such duties, and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement against the Trust Administrator. No provision in this Trust Agreement shall require the Trust Administrator to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. In accepting the duties hereby enumerated, the Trust Administrator acts solely as Trust Administrator for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the District or Authority having any claim against the Trust Administrator arising from this Trust Agreement shall look only to the funds and accounts held by the Trust Administrator hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trust Administrator be liable in its individual capacity for the obligations evidenced by the Certificates. The Trust Administrator shall not be liable in its individual capacity with respect to any action taken or omitted to be taken by the Trust Administrator in good faith in accordance with the written request of the Owners of the Certificates.

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

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

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

**Section 9.05. Appointment of Trust Administrator.** In the event that an Event of Default shall occur or if it shall otherwise be necessary for the Trust Administrator to enforce payment of the Installment Payments, Prepayments or any other amount required to be deposited into the Installment Payment Fund or the Insurance and Condemnation Fund, or to exercise any of the remedies set forth in Article XIII hereof, or if it is determined that the Trust Administrator is unable to perform any of the other duties hereunder, the

District, with the written consent of the Government as the Owner, shall appoint a bank or trust company as Trust Administrator hereunder (the "Trust Administrator") to succeed to the duties and responsibilities of the Trust Administrator hereunder, such appointment to be effective immediately upon written notice thereof to the Trust Administrator. Any Trust Administrator appointed in such circumstances shall meet the requirements of Section 9.01(b) hereof. Upon such appointment, the term "Trust Administrator" in this Agreement shall also refer to such Trust Administrator.

## **ARTICLE X MODIFICATION OR AMENDMENT OF AGREEMENTS**

### **Section 10.01. Amendments Permitted.**

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

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

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

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

(a) **General.** This Trust Agreement or the Installment Sale Agreement may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 10.01. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by the Trust Administrator to the Owner of each Certificate at his address as set forth in the Certificate Register, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as provided in this Section 10.02.

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

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

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

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

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

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

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

## ARTICLE XI COVENANTS

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

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

suffer the Project, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor.

**Section 11.03. Observance of Laws and Regulations.** The District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it with respect to the Water System by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District with respect to the Water System to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

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

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

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

**Section 11.07. Private Activity Bond Limitation.** The District and the Authority shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Installment Sale Agreement to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

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

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

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

**Section 11.11. Maintenance of Tax-Exemption.** The District and the Authority shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

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

## **ARTICLE XII LIMITATION OF LIABILITY**

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

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

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

- (a) the use, maintenance, condition or management of, or from any work or thing done on, the Project by the Authority or the District;

(b) any breach or default on the part of the Authority or the District in the performance of any of their respective obligations under the Installment Sale Agreement, this Trust Agreement and any other agreement made and entered into for purposes of the Project;

(c) any act of the Authority or the District or of any of their respective agents, contractors, servants, employees or licensees with respect to the Project;

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

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

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

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

### **ARTICLE XIII EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS**

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

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

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

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

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

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

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

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

**Section 13.05. Non-waiver.** Nothing in this Article XIII or in any other provision of this Trust Agreement, or in the Certificates, shall affect or impair the obligation of the District, which is absolute and unconditional subject to Section 3.06 of the Installment Sale Agreement, to pay or prepay the Installment Payments as provided in the Installment Sale Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce such payment. No delay or



omission of the Trust Administrator or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trust Administrator or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trust Administrator or the Certificate Owners.

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

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

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

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

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

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

#### **ARTICLE XIV MISCELLANEOUS**

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

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

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

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

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

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

undivided and fractional interests of the Owners thereof in Installment Payments under the Installment Sale Agreement.

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

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

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

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

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

If to the District: Christian Valley Park Community Services District  
P.O. Box 6857,  
Auburn, CA 95604  
Attention: Don S. Elias, General Manager

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

If to the Trust Administrator: Don S. Elias, General Manager  
Christian Valley Park Community Services District  
P.O. Box 6857  
Auburn, CA 95604  
Attention: Don S. Elias, General Manager

If to the Government:

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

And

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

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

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

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

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

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

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

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

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

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

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

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

*[Signature Page to Follow on Next Page]*

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

GENERAL MANAGER OF THE  
CHRISTIAN VALLEY PARK  
COMMUNITY SERVICES DISTRICT,  
*as Trust Administrator*

By \_\_\_\_\_  
Don S. Elias, General Manager

CALIFORNIA MUNICIPAL PUBLIC  
FINANCING AUTHORITY

By \_\_\_\_\_  
Chair

Attest:

By \_\_\_\_\_  
Secretary

**EXHIBIT A**

**FORM OF CERTIFICATE**

No. R-1

\*\*\*\$ \_\_\_\_\_ \*\*\*

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA**

**CALIFORNIA MUNICIPAL PUBLIC FINANCING AUTHORITY  
(CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT)  
SERIES 2021 WATER REVENUE CERTIFICATE OF PARTICIPATION  
(WATER SYSTEM IMPROVEMENT PROJECT)  
BANK QUALIFIED**

<b>INTEREST PAYMENT DATES</b>	<b>RATE OF INTEREST</b>	<b>DATED DATE</b>
<b>February 1 and August 1 as described below</b>	<b>____%</b>	<b>_____, 2021</b>

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

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

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

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

<b><u>Maturity Date</u></b>	<b><u>Principal Due</u></b>	<b><u>Maturity Date</u></b>	<b><u>Principal Due</u></b>
---------------------------------	---------------------------------	---------------------------------	---------------------------------

and to receive on February 1, 2022, and semiannually thereafter on August 1 and February 1 of each year (each an “Interest Payment Date”) until payment in full of said principal the Registered Owner’s direct, undivided fractional share of the Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable at the above stated Rate of Interest from the Dated Date identified above. The Registered Owner’s share of the portion of the Installment Payments designated as interest is the result of the multiplication of the share of the portion of the Installment Payments designated as principal as shown and endorsed on the attached Certificate of Advances of Payment from the United States of America, by the Rate of Interest per annum identified above, calculated on the basis of a 365-day year (and actual days elapsed).

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

This Certificate has been executed and delivered by the Trust Administrator pursuant to the terms of a Trust Agreement by and among the Trust Administrator, the Authority and the District, dated as of \_\_\_\_\_ 1, 2021 (the “Trust Agreement”). The District has certified that it is authorized to enter into the Installment



Sale Agreement and this Trust Agreement under the laws of the State of California, for the purpose of paying the costs of certain public capital improvements.

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

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

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

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

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

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

The Certificate is subject to optional prepayment in whole, or in part among maturities in any manner as directed by the District in inverse order of maturity, unless otherwise requested by District and agreed to by Original Purchaser in its reasonable discretion, on any Business Day, from prepayments of the Installment Payments made at the option of the District pursuant to the Installment Sale Agreement, at a prepayment price equal to the aggregate principal components of the Installment Payments to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

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

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

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

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

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

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

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

The District has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Installment Sale Agreement and this Trust Agreement to exist, to have happened

and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

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

IN WITNESS WHEREOF, this Certificate the California Municipal Public Financing Authority has caused this Certificate to be executed in its name and on its behalf with the manual or facsimile signature of its Chair or Treasurer, all as of the Dated Date set forth above.

CALIFORNIA MUNICIPAL  
PUBLIC FINANCING AUTHORITY

By: \_\_\_\_\_  
Rick Gilmore, Chair

### CERTIFICATE OF AUTHENTICATION

This is one of the Certificates described in the within-mentioned Trust Agreement and registered on the Registration Books.

Authentication Date: \_\_\_\_\_, 2021

TRUST ADMINISTRATOR

By: \_\_\_\_\_  
Don S. Elias, General Manager  
Christian Valley Park  
Community Services District

**ABBREVIATIONS**

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

TEN COM -- as tenants in common

UNIF GIFT MIN ACT \_\_\_\_ Custodian

TEN ENT -- as tenants by the Entireties

(Cust) \_\_\_\_ (Minor) \_\_\_\_  
under Uniform Gifts to Minors

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

Act \_\_\_\_\_  
(State)

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

**ASSIGNMENT**

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

\_\_\_\_\_  
\_\_\_\_\_

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

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

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

---

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

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

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

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

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

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

**EXHIBIT B**

§ \_\_\_\_\_  
**CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT  
SERIES 2021 WATER REVENUE CERTIFICATES OF PARTICIPATION  
(WATER SYSTEM IMPROVEMENT PROJECT)  
BANK QUALIFIED**

**WRITTEN REQUISITION NO. \_\_ FOR  
DISBURSEMENT FROM CONSTRUCTION FUND**

The undersigned hereby states and certifies that:

1. the undersigned is a duly designated “District Representative”, as such term is defined in that certain Trust Agreement, dated as of \_\_\_\_\_ 1, 2021 (the “Trust Agreement”), by and among the General Manager of the Christian Valley Park Community Services District, as trust administrator (the “Trust Administrator”), the California Municipal Public Financing Authority (the “Authority”), and the Christian Valley Park Community Services District (the “District”), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

2. under Section 3.02 of this Trust Agreement, the Trust Administrator is hereby requested to disburse this date, from the Construction Fund established under this Trust Agreement, to the payees set forth on Attachment I attached hereto and by this reference incorporated herein, at the addresses identified thereon, the amount set forth opposite such payee for payment of Construction Costs;

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

4. no amount set forth in this requisition was included in any requisition requesting disbursement previously filed with the Trust Administrator pursuant to Section 3.02 of this Trust Agreement;

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

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

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

Dated: \_\_\_\_\_, 20\_\_

CHRISTIAN VALLEY PARK COMMUNITY  
SERVICES DISTRICT

By: \_\_\_\_\_  
Don S. Elias, General Manager

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

By \_\_\_\_\_  
Authorized Officer



ATTACHMENT I

Payee Name and Address

Purpose of Obligation

Amount