



**Hidden Valley Lake Community Services District  
Finance Committee Meeting  
October 10, 2023– 12:30 p.m.  
19400 Hartmann Road, Hidden Valley Lake, Ca.**

To join the meeting by Teleconference, go to [www.hvclsd.org](http://www.hvclsd.org) select the October 10, 2023, Finance Committee Meeting and select Click here to join the meeting.

**Meetings are recorded for live streaming and broadcasting purposes.**

- 1) CALL TO ORDER**
- 2) PLEDGE OF ALLEGIANCE**
- 3) ROLL CALL**
- 4) APPROVAL OF AGENDA**
- 5) DISCUSSION AND POSSIBLE RECOMMENDATION: Discussion of Board Approval of Financing**
- 6) DISCUSSION AND POSSIBLE RECOMMENDATION: Monthly Financials**
- 7) DISCUSSION AND POSSIBLE RECOMMENDATION: Projects Update**
- 8) PUBLIC COMMENT**
- 9) COMMITTEE MEMBER COMMENT**
- 10) ADJOURN**

Public records are available upon request. Board Packets are posted on our website at [www.hvclsd.org/meetings](http://www.hvclsd.org/meetings) . In compliance to the Americans with Disabilities Act, if you need special accommodations to participate in or attend the meeting, please contact the District Office at 987-9201 at least 48 hours prior to the scheduled meeting.

Members of the public shall be given the opportunity to comment on each agenda item before the Governing Board acts on that item, G.C. 54953.3. All other comments will be taken under Public Comment.

**ACTION OF  
HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

**DATE:** October 10, 2023

**AGENDA ITEM:** Discussion of Board Approval of Financing

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**SUMMARY**

At the September 19 meeting, Hidden Valley Lake Community Services District (“the District”) formed a Joint Powers Authority called the Hidden Valley Lake Community Services District Public Financing Authority (the “Authority”) with the objective of selling \$5 million in bonds to raise proceeds to finance certain improvements to the District’s water system.

This item requests the Board to approve the not-to-exceed parameters for the bond financing including a not to exceed principal amount of \$5 million, establish a not to exceed total interest cost of 6.15%, approve the disclosure and legal documents related to the issuance of the 2023 Water Revenue Bonds (the “Bonds”), and authorize staff to execute those documents as needed to complete the financing.

**BACKGROUND and ANALYSIS**

The District is currently undertaking water system capital improvement program on a pay-as-you-go basis, with costs paid from the Water Operations Fund and grant awards. The District desires to finance costs that exceed water use fees and grant awards. This financing will be realized by the sale of bonds in the public capital markets.

Over the last several months, staff has been working with the District’s financing team on the bond financing process. The financing team includes NHA Advisors (Municipal Advisor and fiduciary), Stradling Yocca Carlson & Rauth (Bond and Disclosure Counsel), and Hilltop Securities (Underwriter). Staff has been working on a number of items, including reviewing and gathering data to complete the Official Statement which will be utilized for the bond rating process and also used to market the bonds to potential purchasers. The District also recently went through a credit rating process with Standard and Poor’s and will receive an inaugural credit rating as part of the bond issuance process.

As discussed at the August 26<sup>th</sup> workshop, the Board will provide a decision on the final maturity of the Bonds. The Board has contemplated both a 25-year final maturity and a 30-year final maturity. It is anticipated that the Bonds will be issued in the amount of \$5 million, the proceeds of which will be used to fund capital projects plus costs of issuing the bonds. An analysis of the 25-year final maturity and the 30-year final maturity financing structures are provided herein, based on estimated current market rates. It is anticipated that the Bonds will be sold to investors in late October or early November, at which time, a final interest rate will be locked in and the

bonds will close in November.

Given the District’s existing 2002 loan with the California Economic Infrastructure and Development Bank (“2002 Loan”), the District will treat both the Bonds and the 2002 Loan as equal for purposes of repayment (neither has a priority over the other). This arrangement requires the District to maintain sufficient revenues to repay both loans with the obligation to increase water rates if necessary to meet the payment requirements. The 2002 Loan carries annual payments of approximately \$165,000 and matures in Fiscal Year 2032.

The Bonds will be structured so that the payments, when combined with the 2002 Loan will remain approximately level until the Bonds mature. The following provides estimated financing statistics of both a 25-year and 30-year financing.

**Estimated Bond Statistics:**

	<b>25-Year Final Maturity</b>	<b>30-Year Final Maturity</b>
Principal Amount of Loan/Bonds	\$5,000,000	\$5,000,000
Total Principal and Interest to Maturity	\$9,356,201	\$10,419,113
Payment Dates	February 1 and August 1; First payment February 1, 2024 and Final payment February 1, 2048	February 1 and August 1; First payment February 1, 2024 and Final payment February 1, 2053
Estimated Project Fund	\$4,634,213	\$4,590,598
Estimated Costs <sup>1</sup>	\$294,918	\$301,252
Estimated Annual Debt Service (Detailed Below)	\$278,000 to 2032, then \$445,000	\$255,000 to 2032, then \$395,000
Total Interest Cost	5.26%	5.37%
All-In Total Interest Costs (Inclusive of Costs)	5.77%	5.84%

<sup>1</sup> Includes fees and expenses related to JPA formation with CSCDA, underwriting, legal and disclosure counsel, municipal advisory, rating, trustee, printing, insurance, and miscellaneous fees

**25-Year Estimated Debt Service – 2023 Bonds and 2002 Loan**

Fiscal Year	Principal	Interest	2023A Bonds Debt		Total Debt Service
			Service	2002 Loan Service*	
2024		52,576	52,576	143,945	196,521
2025	25,000	252,363	277,363	165,930	443,292
2026	25,000	251,113	276,113	165,930	442,043
2027	25,000	249,863	274,863	165,930	440,793
2028	30,000	248,613	278,613	165,930	444,543
2029	30,000	247,113	277,113	165,931	443,043
2030	30,000	245,613	275,613	165,931	441,543
2031	35,000	244,113	279,113	165,931	445,043
2032	35,000	242,363	277,363	165,930	443,293
2033	205,000	240,613	445,613		445,613
2034	215,000	230,363	445,363		445,363
2035	225,000	219,613	444,613		444,613
2036	235,000	208,925	443,925		443,925
2037	245,000	197,763	442,763		442,763
2038	255,000	186,125	441,125		441,125
2039	270,000	174,013	444,013		444,013
2040	280,000	160,513	440,513		440,513
2041	295,000	146,513	441,513		441,513
2042	310,000	131,763	441,763		441,763
2043	325,000	116,263	441,263		441,263

## Agenda Item #6

2044	345,000	100,013	445,013		445,013
2045	360,000	81,900	441,900		441,900
2046	380,000	63,000	443,000		443,000
2047	400,000	43,050	443,050		443,050
2048	420,000	22,050	442,050		442,050
2049					
2050					
2051					
2052					
2053					
<b>Total</b>	<b>\$5,000,000</b>	<b>\$4,356,201</b>	<b>\$9,356,201</b>	<b>\$1,471,389</b>	<b>\$10,827,589</b>

\* FY 2023-24 Debt service for the 2002 Loan includes remaining 2/1/24 payment only.

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**30-Year Estimated Debt Service - 2023 Bonds and 2002 Loan**

Fiscal Year	Principal	Interest	2023A Bonds Debt Service	2002 Loan Debt Service*	Total Debt Service
2024		53,313	53,313	143,945	197,258
2025		255,900	255,900	165,930	421,830
2026		255,900	255,900	165,930	421,830
2027		255,900	255,900	165,930	421,830
2028		255,900	255,900	165,930	421,830
2029		255,900	255,900	165,931	421,831
2030		255,900	255,900	165,931	421,831
2031		255,900	255,900	165,931	421,831
2032		255,900	255,900	165,930	421,830
2033	140,000	255,900	395,900		395,900
2034	145,000	248,900	393,900		393,900
2035	155,000	241,650	396,650		396,650
2036	160,000	234,288	394,288		394,288
2037	170,000	226,688	396,688		396,688
2038	180,000	218,613	398,613		398,613
2039	185,000	210,063	395,063		395,063
2040	195,000	200,813	395,813		395,813
2041	205,000	191,063	396,063		396,063
2042	215,000	180,813	395,813		395,813
2043	225,000	170,063	395,063		395,063
2044	240,000	158,813	398,813		398,813
2045	250,000	146,213	396,213		396,213
2046	265,000	133,088	398,088		398,088
2047	275,000	119,175	394,175		394,175
2048	290,000	104,738	394,738		394,738
2049	305,000	89,513	394,513		394,513
2050	325,000	73,500	398,500		398,500
2051	340,000	56,438	396,438		396,438
2052	360,000	38,588	398,588		398,588
2053	375,000	19,688	394,688		394,688
<b>Total</b>	<b>\$5,000,000</b>	<b>\$5,419,113</b>	<b>\$10,419,113</b>	<b>\$1,471,389</b>	<b>\$11,890,501</b>

\* FY 2023-24 Debt service for the 2002 Loan includes remaining 2/1/24 payment only.

The Bond documents include a financing covenant that requires the District to maintain minimum net revenues (defined as gross revenues less operating expenses) of at least 110% total debt service (all obligations of the Water System) throughout the life of the Bonds. Should the coverage calculation fall below the 110%, the District will be obligated to increase its Water System rates and charges to increase the net revenues. The District’s 2002 Loan also has a similar covenant.

**Overview of Financing Documents**

There are various agreements and documents that the Board will need to approve and authorize prior to issuing Bonds. The following is a list of documents considered for approval:

1. **Installment Purchase Agreement** – This agreement is between the District and the Authority establishing that the Authority will finance the acquisition of various capital projects to the water system through the proceeds of Bonds, and the District will pay the semi-annual debt service payments to the Authority to purchase such projects. This agreement contains important covenants for the benefit of bondholders, including a covenant to set rates and charges at levels that are sufficient to repay the bonds and an additional debt test should the District enter into additional obligations in the future.
2. **Indenture of Trust** – This Indenture is between the Authority and the Trustee (US Bank), which sets forth the terms and conditions pursuant to which the Authority will pay the principal and interest payments of the Bonds when due to the Trustee. Under the Indenture, the Authority will deposit all payments received from the District pursuant to the Installment Purchase Agreement into an account held by the Trustee. The Trustee will be responsible for distributing the principal and interest payments to the Bond holders when due.
3. **Bond Purchase Agreement** – In this agreement Hilltop Securities (Underwriter) agrees to purchase all the Bonds from the Authority provided that the terms and conditions set forth therein are satisfied. Hilltop Securities will then sell the Bonds to investors. The agreement includes representations and warranties by the District and the Authority and a list of closing conditions.
4. **Preliminary Official Statement** – Disclosure Counsel prepares a preliminary Official Statement with input from the financing team including tables relating to the District's finances. Following Board authorization, the preliminary Official Statement will be distributed by the Underwriter and used as the primary marketing document to prospective bond purchasers. A table of contents identifies critical topics such as the plan of finance, security for the Bonds, information on the District, the continuing disclosure requirements and the form of approving opinion of bond counsel. The agenda packet includes a draft of the preliminary Official Statement. A final Official Statement will be made available shortly after the Bonds are sold; it will be identical to the preliminary Official Statement except that it will reflect the final bond sale pricing information. The preliminary Official Statement and the Official Statement constitute securities disclosures for the benefit of the buyers of the bonds and are governed by federal securities laws.

**Not-to-Exceed Parameters in the Resolution**

The attached Resolution identifies the proposed not-to-exceed parameters for the sale of the 2023 Bonds. The Bonds will include a not to exceed principal amount of \$5 million, the proceeds of which will be used to fund capital projects plus costs of issuing the bonds. The Resolution also identifies a maximum true interest cost of 6.15%. This rate is higher than the current market rate but provides flexibility to the District if interest rates move higher before the Bonds are sold.

**Obligations of District**

The associated agreements and Official Statement lay out the various obligations, sometimes called covenants or promises that the District would need to comply with during the life of bonds. These obligations include, but are not limited to:

- Pledge of net revenues (gross revenues minus operations and maintenance expenses) to pay the debt service.
- Maintain a debt coverage ratio of 110% of net revenues.
- Make semi-annual debt service payments.
- Not to issue any other debt that has higher priority claim on net revenues than the 2023 Bonds and existing 2002 CEIDB Loan.
- Annually make disclosures required by the Securities and Exchange Commission that include audited financial statements and other relevant operating information and provide significant event notices to investors in a timely manner (e.g., rating change notices, incurrence of additional debt, unscheduled draws on reserve funds, change in trustee, etc.).
- Maintain tax exempt status of the 2023 Bonds.

**FISCAL IMPACT**

The annual and total fiscal impact will be dependent on the structure decided by the Board, as described herein. A 25-year financing is expected to have total interest payments of approximately \$9,356,201 over the course of the financing. Alternatively, a 30-year financing is expected to have total interest payments of approximately \$10,419,113 over the course of the financing. Annual payments vary for each structure, as well.

**ANTICIPATED SCHEDULE**

- District Board meeting on October 17 contemplating the approval of documents and authorization to issue the bonds.
- The pricing for the Bonds can occur shortly after these activities have been completed
- The closing of the bonds and delivery of District proceeds to the Trustee should occur approximately 14 days after pricing

**GOOD FAITH ESTIMATES**

NHA Advisors, LLC (the District’s municipal advisor and fiduciary) has provided good faith estimates on the cost of the financing, as required by California Government Code Section 5852.1. These estimates are based on current market rates and are included in Exhibit A to each resolution.

**RECOMMENDED ACTION**

Adopt a Resolution authorizing proceedings and agreements relating to the financing of water system improvements, approving issuance and sale of bonds by the Hidden Valley Lake Community Services District Public Financing Authority, approving an official statement and authorizing official actions.

RESOLUTION 2023-09

A RESOLUTION OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT  
APPROVING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE  
AGREEMENT FOR THE PURPOSE OF CAUSING THE ISSUANCE OF NOT TO EXCEED  
\$5,000,000 AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES  
2023A, AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN  
CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Board of Directors (the "Board") of the Hidden Valley Lake Community Services District (the "District"), a Community Services District that is duly organized and existing under the laws of the State of California (the "State"), wishes to finance the acquisition and construction of certain existing improvements, betterments, renovations and expansions of facilities within its water system (collectively, the "2023 Project"); and

WHEREAS, the District is a member of the Hidden Valley Lake Community Services District Financing Authority (the "Authority"), a public entity that is duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State; and

WHEREAS, the Authority has agreed to issue its Water Revenue Bonds, Series 2023A (the "Bonds") to assist the District in financing the 2023 Project; and

WHEREAS, the Bonds are to be secured by installment payments to be made by the District pursuant to the Installment Purchase Agreement (the "Installment Purchase Agreement"), which installment payments will be payable from net revenues of the District's water system to the extent set forth in the Installment Purchase Agreement; and

WHEREAS, the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), will enter into an Indenture of Trust (the "Indenture"), to provide for the issuance and security of the Bonds and to provide for the financing of the 2023 Project; and

WHEREAS, the District desires to execute a Continuing Disclosure Agreement, to be dated the closing date of the Bonds (the "Continuing Disclosure Agreement"), in order to provide updates of certain information relating to the District and its water system while the Bonds are outstanding; and

WHEREAS, the District desires to execute and deliver a bond purchase agreement (the "Purchase Contract") with the Authority and Hilltop Securities Inc., as underwriter of the Bonds (the "Underwriter"), with respect to the Bonds; and

WHEREAS, in order to effect a public sale of the Bonds to the Underwriter, the District is required under federal securities laws and regulations to prepare a preliminary official statement (the "Preliminary Official Statement") disclosing material information about the Bonds, the District and the District's water system; and

WHEREAS, the District wishes to approve the Preliminary Official Statement for the Bonds, which has been prepared by the District and the Authority with the assistance of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel ("Disclosure Counsel").



NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Hidden Valley Lake Community Services District, Lake County, California, as follows:

1. Each of the above recitals is true and correct.
2. The Board hereby specifically finds and declares that: (a) the financing of the 2023 Project will result in significant public benefits to the citizens of the District of the type that is described in Section 6586 of the Marks-Roos Local Bond Pooling Act of 1985 (the "Act"), in that having the Authority assist the District with respect to the financing of the 2023 Project through the issuance of the Bonds and related transactions will result in demonstrable savings in effective interest rate to the District and significant reductions in effective user charges levied by the District; and (b) the 2023 Project includes facilities for the production, storage, transmission or treatment of water within the meaning of Section 6586.5(c) of the Act.
3. The Installment Purchase Agreement is hereby approved in substantially the form on file with the Secretary and, upon execution as authorized below, made a part hereof as though set forth in full herein. The President, the Vice President, the General Manager and the Secretary of the District (each, a "Designated Officer") or the designee thereof are hereby authorized and directed to execute and deliver such Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by General Counsel or the law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), and approved by the officer executing the same, said execution being conclusive evidence of such approval.
4. The Continuing Disclosure Agreement is hereby approved in substantially the form on file with the Secretary and, upon execution as authorized below, made a part hereof as though set forth in full herein. Each Designated Officer or the designee thereof is hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.
5. The Purchase Contract is hereby approved in substantially the form on file with the Secretary and, upon execution as authorized below, made a part hereof as though set forth in full herein. Each Designated Officer or the designee thereof is hereby authorized and directed to execute and deliver such Purchase Contract with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$5,000,000, nor shall the underwriting discount for the Bonds (excluding any net original issue discount) exceed 0.60% of the aggregate principal amount of the Bonds, nor shall the all-in true interest cost of the Bonds exceed 6.15%.
6. The preparation and distribution of the Preliminary Official Statement in substantially the form on file with the Secretary is hereby approved. Each Designated Officer is hereby authorized: (i) to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") deeming the Preliminary Official Statement substantially final under the Rule, except for the omission of information as permitted by the Rule; and (ii) to execute, approve and deliver the final Official Statement in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as the officer or officers executing said document may require

or approve, subject to advice from General Counsel or Disclosure Counsel, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is directed to deliver copies of the final Official Statement to all actual initial purchasers of the Bonds.

7. The proceeds of the Bonds shall be deposited as provided in the Indenture and the Installment Purchase Agreement to finance the 2023 Project.
8. The appointment of U.S. Bank Trust Company, National Association, as Trustee under and pursuant to the Indenture, with the powers and duties of said office as set forth therein, is hereby approved.
9. The Board hereby authorizes the General Manager or his designee: (i) to solicit bids on a municipal bond insurance policy and/or reserve surety; (ii) to negotiate the terms of such policy or policies; (iii) to finalize, if appropriate, the form of such policy or policies with a municipal bond insurer; and (iv) if it is determined that the policy or policies will result in net savings for the District, to pay the insurance premium of such policy or policies from the proceeds of the issuance and sale of the Bonds.
10. The good faith estimates of costs related to the Bonds which are required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this Resolution is approved.
11. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed as Bond Counsel in connection with the issuance of the Bonds. The Designated Officers are hereby authorized to enter into an engagement letter with Stradling Yocca Carlson & Rauth, a Professional Corporation, in substantially the form on file with the Secretary.
12. The Designated Officers or any other proper officer of the District, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Installment Purchase Agreement, the Purchase Contract, the Continuing Disclosure Agreement, bond insurance, a reserve surety and this Resolution, including any reimbursement agreement or other agreement related to bond insurance or a reserve surety. In the event that the President or Vice President are unavailable to sign any of the agreements described herein, any other member of the Board may sign such agreement and, in the event that the Secretary is unavailable or unable to attest or to deliver any of the above-referenced documents, any deputy secretary may validly execute and deliver such document.
13. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture or the Installment Purchase Agreement unless the context otherwise clearly requires.
14. This Resolution shall take effect immediately upon its adoption.

\*\*\*\*\*

I hereby certify that the foregoing resolution was duly and regularly adopted by the Board of Directors of the Hidden Valley Lake Community Services District, Lake County, California, at a meeting thereof held on the 17<sup>th</sup> day of October 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Claude Brown  
President of the Board

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Dennis White  
General Manager/Secretary to the Board

## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by NHA Advisors, LLC (the District's "Municipal Advisor") in consultation with Hilltop Securities Inc., the Underwriter of the Bonds.

*Principal Amount.* The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$5,000,000 (the "Estimated Principal Amount"), which excludes approximately \$70,859 of net original issue discount estimated to be generated based on current market conditions, which together total \$4,929,131. Net original issue discount is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for the bonds is lower than the face value of such bonds.

*True Interest Cost of the Bonds.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 5.26%.

*Finance Charge of the Bonds.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$294,918.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$4,634,213.

*Total Payment Amount.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$9,356,201.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, delays in the financing, additional legal work or a combination of such factors and additional finance charges, if any, attributable thereto. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the District based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by

the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.

**INSTALLMENT PURCHASE AGREEMENT**

**by and between**

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

**and**

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY**

**Dated as of November 1, 2023**

**Relating to**

**\$\_\_\_\_\_**  
**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**PUBLIC FINANCING AUTHORITY**  
**WATER REVENUE BONDS, SERIES 2023A**

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## INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated as of November 1, 2023, is entered into by and between the HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT, a Community Services District that is duly organized and existing under and by virtue of the laws of the State of California, including but not limited to Division 3 of Title 6 the California Government Code (the “**District**”), and the HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “**Authority**”).

### RECITALS

A. The District proposes to finance the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its Water System, as described in Exhibit A (collectively, the “**2023 Project**”).

B. The Authority has agreed to assist the District in financing the 2023 Project on the terms and conditions that are set forth herein.

D. The Authority is authorized by Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, including but not limited to Section 6540 *et seq.*, to finance the acquisition and construction of property for its members.

E. The District is authorized by the laws of the State of California, including but not limited to California Government Code Sections 61060, 61100 and 61125, to finance the 2023 Project.

F. The District and the Authority have duly authorized the execution of this Installment Purchase Agreement.

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

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

### ARTICLE I

#### DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms that are defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document that is mentioned herein or therein have the meanings that are defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms that are defined herein. All capitalized terms that are used herein and not defined herein shall have the meanings that are ascribed thereto in the Indenture.

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

Authority. The term "Authority" means Hidden Valley Lake Community Services District Public Financing Authority, a joint exercise of powers agency that is duly organized pursuant to the JPA Agreement and existing under and by virtue of the laws of the State of California.

Bonds. The term "Bonds" means all revenue bonds or notes of the District that are authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Series 2023 Installment Payments and which are secured by a pledge of and lien on Revenues as described in Section 5.01 hereof.

Contracts. The term "Contracts" means the I-Bank Obligation and all other contracts of the District that are authorized and executed by the District, the payments under which are payable from Net Revenues on a parity with the Series 2023 Installment Payments and which are secured by a pledge and lien on Revenues as described in Section 5.01 hereof; but excluding contracts entered into for operation and maintenance of the Water System.

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

(i) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(ii) those portions of the principal amount of all outstanding serial Bonds maturing in such period;

(iii) those portions of the principal amount of all outstanding term Bonds that are required to be prepaid or paid in such period; and

(iv) those portions of the Contracts that are required to be paid during such period (except to the extent that the interest that is evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to be a fixed rate equal to the higher of: (1) the then-current variable interest rate borne by such Bonds or Contract plus 1%; and (2) the highest variable rate borne over the preceding 3 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable

rate debt for which the interest rate is computed by reference to an index that is comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation; and

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

provided further that if the Bonds or Contracts constitute interest rate swap agreements or other paired obligations, the interest rate on such Bonds or Contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such paired obligations; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and, to the extent that the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

District. The term “District” means Hidden Valley Lake Community Services District, a Community Services District that is duly organized and existing under and by virtue of the laws of the State of California, including but not limited to Division 3 of Title 6 of the California Government Code.

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

Fiscal Year. The term “Fiscal Year” means the twelve month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other twelve month period hereafter selected and designated as the official fiscal year period of the District.

I-Bank Obligation. The term “I-Bank Obligation” means the Enterprise Fund Installment Sale Agreement (Agreement No. CIEDB #02-034), dated as of June 24, 2002, by and between the District and the California Infrastructure and Economic Development Bank.

Indenture. The term “Indenture” means the Indenture of Trust, dated as of the date hereof, by and between the Trustee and the Authority, relating to the 2023 Bonds.

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

Independent Financial Consultant. The term “Independent Financial Consultant” means a financial consultant or firm of such consultants that is appointed by the District, and who, or each of

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

Installment Purchase Agreement. The term “Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of November 1, 2023, by and between the District and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

JPA Agreement. The term “JPA Agreement” means the Joint Exercise of Powers Agreement, dated as of September 28, 2023, by and between the District and California Statewide Communities Development Authority, pursuant to which the Authority is established.

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

Net Revenues. The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year. When held by the Trustee in any funds or accounts established hereunder, Net Revenues shall include all interest or gain derived from the investment of amounts in any of such funds or accounts.

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means: (1) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles applicable to governmental agencies, including, but not limited to, the reasonable expenses of management and repair and other expenses that are necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System, including but not limited to salaries and wages of employees, payments for post-employment and/or retirement benefits, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the 2023 Bonds or of this Installment Purchase Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; and (2) all payments under any contract for the purchase of water; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, capital improvement costs and amortization of intangibles or other bookkeeping entries of a similar nature.

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

Rate Stabilization Fund. The term “Rate Stabilization Fund” means the fund by that name held by the District and established pursuant to Section 5.05.

Revenue Fund. The term “Revenue Fund” means the Water Operations Fund maintained by the District into which Revenues are deposited, together with other accounts that may be created in the

future and designated by action of the Board of Directors of the District as a part of the fund called “Revenue Fund” that has been established pursuant to Section 5.02.

Revenues. The term “Revenues” means all income, rents, rates, fees, charges, proceeds of grants and state and federal reimbursements and other moneys derived from the ownership of or operation of the Water System, including, without limiting the generality of the foregoing: (1) all in lieu charges (including investment earnings thereon) collected by or on behalf of the District; (2) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System; (3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, proceeds or other moneys, including District reserves; and (4) deposits to the Revenue Fund from amounts on deposit in the Rate Stabilization Fund in accordance with Section 5.05; but excluding in all cases: (i) any moneys transferred from the Revenue Fund to the Rate Stabilization Fund in accordance with Section 5.02(c); (ii) all amounts reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program), to the extent that such amounts have been or will be deducted from the calculation of Debt Service; (iii) customers’ deposits or any other deposits or advances that are subject to refund until such deposits or advances have become the property of the District; and (iv) proceeds of taxes or benefit assessments restricted by law to be used by the District to pay amounts due on bonds or other obligations hereafter incurred.

Series 2023 Installment Payment Date. The term “Series 2023 Installment Payment Date” means 25th day of January and July of each year, commencing January 25, 2024.

Series 2023 Installment Payments. The term “Series 2023 Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant to the Installment Purchase Agreement.

Trustee. The term “Trustee” means U.S. Bank Trust Company, National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2023 Bonds. The term “2023 Bonds” Hidden Valley Lake Community Services District Public Financing Authority Water Revenue Bonds, Series 2023A issued pursuant to the Indenture.

2023 Project. The term “2023 Project” means the additions, betterments, extensions and improvements to the Water System, including real property and buildings, if any, which are described as such in Exhibit A.

Water Service. The term “Water Service” means the potable water distribution service that is made available or provided by the Water System.

Water System. The term “Water System” means the whole and each and every part of the potable water distribution system serving the District, whether owned or operated by the District or another party, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such system or any part thereof hereafter acquired or constructed.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the District. The District makes the following representations:

(a) The District is a Community Services District that is duly organized and existing under and pursuant to the laws of the State of California, including but not limited to Division 3 of Title 6 of the California Government Code.

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

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

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest that is paid for the installment purchase of the 2023 Project under the terms of this Installment Purchase Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California personal income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the laws of the State of California that the District finance and acquire the 2023 Project in the manner that is provided for in this Installment Purchase Agreement in order to provide essential services and facilities to persons residing in the District.

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

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

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

(c) The Authority will not take or permit any action to be taken which results in the interest that is paid for the installment purchase of the 2023 Project under the terms of this Installment Purchase Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California personal income taxation.

### ARTICLE III

#### ACQUISITION OF 2023 PROJECT

Section 3.01. Acquisition and Construction of 2023 Project. The Authority hereby agrees to cause the 2023 Project, and any additions or modifications thereto, to be constructed, acquired or installed by the District as its agent, and the District shall enter into contracts and provide for, as agent of the Authority, the complete acquisition of the 2023 Project. The District hereby agrees that it will cause the construction, acquisition and installation of the 2023 Project to be diligently performed after the deposit of funds with the District pursuant to the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the Board of Directors of the District, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2023 Project and that all such costs and expenses shall be paid by the District, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Section 3.02. Changes to the 2023 Project. The District may substitute other improvements for those listed as components of the 2023 Project in Exhibit A, but only if the District first files with the Trustee a statement of the District in the form set forth in Exhibit D.

Section 3.03. Purchase and Sale of 2023 Project. In consideration for the Series 2023 Installment Payments as set forth in Section 4.02, the Authority agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Authority, the 2023 Project at the purchase price specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.04. Title. All right, title and interest in each component of the 2023 Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur without further action by the Authority or the District, and the Authority shall, if requested by the District or if necessary to assure such automatic vesting, deliver any and all documents which are required to assure such vesting.

Section 3.05. Acquisition Fund. There has been established with the Trustee a fund known as the "Acquisition Fund." The moneys in the Acquisition Fund shall be held by the Trustee on behalf of the District in trust separate and apart from other funds held by it. The moneys in the Acquisition Fund shall be applied to the payment of the costs of acquisition of the 2023 Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund, the General Manager of the District shall cause to be filed with the Trustee a Requisition in the form set forth in Exhibit C hereto. Upon receipt of such Requisition, the Trustee shall pay the amount set forth therein.

When the 2023 Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental



expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Trustee by the General Manager of the District. Upon the receipt of such statement, the Trustee will transfer any remaining balance in the Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which amount shall be certified by the General Manager of the District) to the Bond Payment Fund.

#### ARTICLE IV

##### SERIES 2023 INSTALLMENT PAYMENTS

###### Section 4.01. Purchase Price.

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

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

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

Section 4.02. Series 2023 Installment Payments. The District shall, subject to its rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2023 Installment Payment Dates as set forth in Exhibit B.

Each Series 2023 Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event that the District fails to make any of the payments which are required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid, and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2023 Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2023 Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2023 Installment Payment which is required to be made by it under this section when due, whether or not the Water System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2023 Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

## ARTICLE V

### SECURITY

Section 5.01. Pledge of Revenues. The Revenues, other amounts that are on deposit in the Revenue Fund and any other amounts (including proceeds of the sale of the 2023 Bonds) which are held in any fund or account that is established pursuant to the Installment Purchase Agreement (including the Rate Stabilization Fund) are irrevocably pledged to the payment of the Series 2023 Installment Payments. Except for the payment of the Operation and Maintenance Costs, the Revenues shall not be used for any other purpose while any of the Series 2023 Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a first lien on Revenues, the Revenue Fund, the Rate Stabilization Fund and the other funds and accounts that are created hereunder for the payment of the Series 2023 Installment Payments and all other Contracts and Bonds in accordance with the terms hereof and of the Indenture.

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

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

(a) Bond Payment Fund. On or before each Series 2023 Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, transfer to the Trustee for deposit in the Bond Payment Fund an amount that is equal to the interest and principal payable and coming due on the 2023 Bonds on the next succeeding Interest Payment Date. The District shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto.

Any moneys which are on deposit in the Bond Payment Fund on each Series 2023 Installment Payment Date (other than amounts that are required for the payment of past due principal or interest with respect to any 2023 Bonds not presented for payment) shall be credited to the payment of the Series 2023 Installment Payments due and payable on such date. No deposit need be made in the Bond Payment Fund as Series 2023 Installment Payments if the amount in the Bond Payment Fund is at least equal to the amount of the Series 2023 Installment Payment that is due and payable on the next succeeding Series 2023 Installment Payment Date.

(b) Reserve Funds. On or before each Series 2023 Installment Payment Date, the District shall, from remaining moneys in the Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to reserve funds or accounts established for Bonds or Contracts an amount that is equal to the amount required to be deposited therein.

(c) Surplus. Moneys on deposit in the Revenue Fund which are not necessary to make any of the payments which are required above may be expended by the District at any time for any purpose permitted by law, including but not limited to transfers to the Rate Stabilization Fund.

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

(a) The Net Revenues for either the most recent audited Fiscal Year or a consecutive 12 month period within the 18 months preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of the Debt Service for such Fiscal Year or consecutive 12 month period.

(b) The Net Revenues for either the most recent audited Fiscal Year or a consecutive 12 month period within the 18 months preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year or consecutive 12 month period to increases or decreases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the District, shall have produced a sum equal to at least one hundred ten percent (110%) of: (i) the Debt Service for such Fiscal Year or consecutive 12 month period; plus (ii) the Debt Service which would have accrued on any then-outstanding Bonds which were issued or any then-outstanding Contracts which were executed since the end of such audited Fiscal Year or consecutive 12 month period, assuming that such Bonds or Contracts had been issued or executed, as applicable, on the first day of such audited Fiscal Year or consecutive 12 month period; plus (iii) the Debt Service which would have accrued on the proposed additional Bonds or the proposed additional Contract, assuming that such proposed additional Bonds or proposed additional Contract had been issued or executed, as applicable, on the first day of such audited Fiscal Year or consecutive 12 month period.

(c) Notwithstanding the foregoing, Bonds issued or Contracts executed to refund outstanding Bonds or to prepay outstanding Contracts may be delivered without satisfying the conditions set forth in clauses (a) and (b) above if total Debt Service after such Bonds are issued or Contracts executed is not greater than the total Debt Service which would have been payable prior to the issuance of such Bonds or execution of such Contracts.

Section 5.04. Investments. All moneys which are held by the District in the Revenue Fund, the Rate Stabilization Fund and the Acquisition Fund shall be invested in Permitted Investments, and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

Section 5.05. Rate Stabilization Fund. There is hereby established with the District a fund called the “Rate Stabilization Fund.” The District hereby agrees and covenants to maintain, so long as any 2023 Bonds remain outstanding, the Rate Stabilization Fund. There is \$0 on deposit in the Rate Stabilization Fund as of the date of the initial issuance of the 2023 Bonds. The District may withdraw and deposit amounts therein from time to time in its sole discretion.

Amounts in the Rate Stabilization Fund will be disbursed, allocated and applied by the District solely to the uses and purposes hereinafter described in this Installment Purchase Agreement, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the District.

The Rate Stabilization Fund and all amounts on deposit therein are hereby irrevocably pledged to the payment of the Bonds and Contracts as provided herein; provided that amounts on deposit in the Rate Stabilization Fund may be apportioned for such purposes as are expressly permitted herein. This pledge shall constitute a first lien on amounts on deposit in the Rate Stabilization Fund for the payment of Contracts and Bonds in accordance with the terms hereof.

The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund from time to time and transfer such amounts to the Revenue Fund for application in accordance with Section 5.02 hereof. Amounts transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to this Section during or within 270 days after the end of a Fiscal Year may be taken into account as Revenues for purposes of the calculations in Sections 5.03 and 6.14 in such Fiscal Year to the extent provided in the definition of “Revenues” in Section 1.01.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Series 2023 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all of the agreements, conditions, covenants and terms contained herein which are required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2023 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term which is contained herein and required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion or acts or regulations of governmental authorities.

The District will faithfully observe and perform all of the agreements, conditions, covenants and terms which are required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund or the Rate Stabilization Fund except as provided herein. In addition, the District may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein (as provided in Section 5.02), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.03. Against Sale or Other Disposition of Property. The District will not sell, lease, transfer, encumber or otherwise dispose of the Water System or any material portion thereof or enter into any agreement or lease which impairs the operation of the Water System or any part thereof which is necessary to secure adequate Revenues for the payment of the Series 2023 Installment Payments, or which would otherwise impair the rights of the Authority hereunder or the operation of the Water System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Series 2023 Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Water System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System.

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

Section 6.05. Tax Covenants. Notwithstanding any other provision of the Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the 2023 Bonds will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code which are necessary to preserve such exclusion from gross income with respect to the 2023 Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action and refrain from taking any action, and the District will make no use of the proceeds of the 2023 Bonds or of any other moneys or property, which would cause the 2023 Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The District will make no use of the proceeds of the 2023 Bonds or of any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, which will cause the 2023 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The District will make no use of the proceeds of the 2023 Bonds, and the District will not take or omit to take any action, that would cause the 2023 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the 2023 Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The District will make no use of the proceeds of the 2023 Bonds or any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, that would cause the 2023 Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2023 Bonds for federal income tax purposes; and

(f) Miscellaneous. The District will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the District in connection with the issuance of the 2023 Bonds and will comply with the covenants and requirements that are stated therein and incorporated by reference herein.

This section and the covenants that are set forth herein shall not be applicable to, and nothing that is contained herein shall be deemed to prevent the District from causing the Authority to issue revenue bonds or issuing bonds or executing and delivering contracts that are payable on a parity with the 2023 Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Section 6.06. [Reserved].

Section 6.07. Maintenance and Operation of the Water System. The District will maintain and preserve the Water System in good repair and working order at all times, operate the Water System in an efficient and economical manner and pay all Operation and Maintenance Costs as they become due and payable.

Section 6.08. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or under the Indenture or on any funds in the hands of the District which are pledged to pay the Series 2023 Installment Payments or the Bonds, or which might impair the security of the Series 2023 Installment Payments.

Section 6.09. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, which are required to be performed by it contained in all contracts for the use of the Water System and all other contracts affecting or involving the Water System, to the extent that the District is a party thereto.

Section 6.10. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Water System, excluding coverage for earthquake damage or destruction, with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with facilities that are similar to the Water System, so long as such insurance is available at reasonable rates.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens. The District covenants to reconstruct, repair or replace the damaged or destroyed portions of the Water System promptly if a failure to reconstruct, repair or replace such portions would impair or adversely affect the ability of the District to pay the Series 2023 Installment Payments.

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

(c) Any insurance that is required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with water systems similar to the Water System, and is, in the opinion of an accredited actuary, actuarially sound.

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

Annually on or before September 1 in each year, the Authority shall provide the Trustee with a Certificate stating that the District is in full compliance with the provisions of this section. The Trustee is entitled to rely on any such Certificate as to the District's compliance with these provisions, and the Trustee has no further duties in that regard.

Section 6.11. Accounting Records; Financial Statements and Other Reports.

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

(b) The District will prepare and file with the Authority or its assignee, annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ended June 30, 2023) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon. The Trustee shall have no obligation to review any such financial statements.

Section 6.12. Protection of Security and Rights of the Authority. The District will preserve and protect the security hereof and the rights of the Authority to the Series 2023 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.13. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may

hereafter be lawfully imposed upon the Water System or any part thereof, or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.14. Amount of Rates and Charges.

(a) The District shall, to the fullest extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service which are reasonably expected, at the commencement of each Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred ten percent (110%) of the Debt Service in such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

(b) So long as the District has complied with its obligations set forth in subsection (a) above, the failure of Net Revenues to meet the thresholds set forth in subsection (a) above shall not constitute a default or an Event of Default hereunder or under the Indenture.

Section 6.15. Collection of Rates and Charges. The District will have in effect at all times bylaws, rules and regulations requiring each customer to pay the rates and charges applicable to the Water Service to such customer's land and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may discontinue such service from the Water System, and such service shall not thereafter be recommenced except in accordance with District bylaws or rules, regulations and the laws of the State of California governing such situations of delinquency.

Section 6.16. Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied either to additions, betterments, extensions or improvements to the Water System or, if the District elects not to apply such Net Proceeds to such capital items or if such Net Proceeds are not fully expended for such purposes, such Net Proceeds which are not required by the District for such purposes will be deposited in the Revenue Fund.

Section 6.17. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

Section 6.18. Enforcement of Contracts. So long as any of the 2023 Bonds are outstanding, the District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the District to pay principal of and interest on the 2023 Bonds.



Section 6.19. Continued Existence of Authority. The District and the Authority will take or cause to be taken all actions reasonably necessary to continue the Authority's existence until such time as the 2023 Bonds are no longer Outstanding under the Indenture.

## ARTICLE VII

### PREPAYMENT OF SERIES 2023 INSTALLMENT PAYMENTS

#### Section 7.01. Prepayment.

(a) The District may prepay the Series 2023 Installment Payments as a whole, or in part, on the 25th day of the month prior to \_\_\_\_ 1, 20\_\_ or any date thereafter in the order of payment date as directed by the District, at a prepayment price equal to the principal amount of the Series 2023 Installment Payments to be prepaid, together with accrued interest thereon to the date of prepayment, without premium.

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

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than sixty (60) (or such shorter number of days as is acceptable to the Trustee) days from the date that such notice is given.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

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

(a) if default shall be made by the District in the due and punctual payment of any Series 2023 Installment Payment or any Contract or Bond when and as the same shall become due and payable;

(b) if default shall be made by the District in the performance of any of the agreements or covenants which are required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Authority; provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such sixty (60) day period, and corrective action is instituted by the District within such sixty (60) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder;

(c) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any

state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property; or

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

then and in each and every such case during the continuance of an Event of Default, the Authority shall, by notice in writing to the District, declare the entire principal amount of the unpaid Series 2023 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding.

This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2023 Installment Payments and the accrued interest thereon shall have been so declared due and payable, but before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Authority an amount that is sufficient to pay the unpaid principal amount of the Series 2023 Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2023 Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Series 2023 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

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

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Trustee and its assigns and thereafter to the Authority, as the case may be, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

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

Third, to the payment, on a pro rata basis, of the entire principal amount of the unpaid Series 2023 Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2023 Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

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

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

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

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

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the 2023 Project, the Water System or other assets of the District and no default hereunder shall result in the loss of the 2023 Project, the Water System or other assets of the District.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2023 Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund, the Rate Stabilization Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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

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

## ARTICLE IX

### DISCHARGE OF OBLIGATIONS

Section 9.01. Discharge of Obligations. When:

(a) all or any portion of the Series 2023 Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2023 Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2023 Installment Payment Date or dates specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2023 Installment Payments, either: (i) sufficient moneys to pay all principal, prepayment premium, if any, and interest of such Series 2023 Installment Payments to their respective Series 2023 Installment Payment Dates; or (ii) a combination of sufficient cash and non-callable Permitted Investments that are described in clause (A) of the definition thereof, the principal of and interest on which Permitted Investments when due will provide (together with any cash) money that is sufficient in the opinion of an Independent Certified Public Accountant to pay all principal, prepayment premium, if any, and interest of such Series 2023 Installment Payments to their respective Series 2023 Installment Payment Dates; and

(c) provision shall have been made for paying all fees and expenses of the Trustee, then and in that event, the right, title and interest of the Authority herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2023 Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Series 2023 Installment Payments).

In such event, upon request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the District, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2023 Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto, other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Series 2023 Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2023 Installment Payments and shall be applied by the Trustee to the payment of the Series 2023 Installment Payments of the District.

## ARTICLE X

### MISCELLANEOUS

Section 10.01. Liability Limited. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Revenues, the Revenue Fund, the Rate Stabilization Fund and the other funds provided herein for the payment of amounts due hereunder or for the performance of any agreements or covenants that are required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Series 2023 Installment Payments is a special obligation of the District payable from the Net Revenues and does not constitute a debt of the District

or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

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

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

Section 10.04. Waiver of Personal Liability. No member, officer or employee of the District shall be individually or personally liable for the payment of the Series 2023 Installment Payments, but nothing contained herein shall relieve any member, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

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

Section 10.07. Assignment. The Installment Purchase Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the District. In addition to the rights and remedies assigned by the Authority to the Trustee, to the extent that the Indenture and the Installment Purchase Agreement confer upon or give or grant to the Trustee any right, remedy or claim under or by reason of the Indenture or the Installment Purchase Agreement, the Trustee is hereby explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred given or granted.

Section 10.08. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Series 2023 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

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

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

If to the District: Hidden Valley Lake Community Services District  
19400 Hartmann Road  
Hidden Valley Lake, California 95467  
Attention: General Manager

If to the Authority: Hidden Valley Lake Community Services District Public  
Financing Authority  
19400 Hartmann Road  
Hidden Valley Lake, California 95467  
Attention: Executive Director

If to the Trustee: U.S. Bank Trust Company, National Association  
1 California Street, Suite 1000  
San Francisco, California 94111  
Attention: Corporate Trust  
Reference: Hidden Valley Lake Community Services District  
2023 Bonds

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

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

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

Section 10.14. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the Authority and the District and of the Owners of the 2023 Bonds and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding upon the prior written consents of the Owners of a majority in aggregate principal amount of the 2023 Bonds then Outstanding, exclusive of 2023 Bonds disqualified as provided in Section 11.09 of the Indenture. No such modification or amendment may: (1) extend the fixed maturity of any 2023 Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2023 Bond so affected; or (2) reduce the aforesaid percentage of 2023 Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Installment Purchase Agreement prior to or on a parity with the lien created by the Installment Purchase Agreement except as permitted herein, or deprive the Owners of the 2023 Bonds of the lien created by the Indenture on such Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2023 Bonds then Outstanding.

(b) This Installment Purchase Agreement and the rights and obligations of the Authority and the District and of the Owners of the 2023 Bonds may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any 2023 Bonds, but only to the extent permitted by law and only for any one or more of the following purposes: (1) to add to the covenants and agreements of the District contained in the Installment Purchase Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2023 Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the District; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Installment Purchase Agreement, or in regard to matters or questions arising under the Installment Purchase Agreement, as the District may deem necessary or desirable; and (3) to modify, amend or supplement the Installment Purchase Agreement in such manner as to cause interest on the 2023 Bonds to remain excludable from gross income under the Code. No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without the written consent thereto.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]*

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

HIDDEN VALLEY LAKE COMMUNITY  
SERVICES DISTRICT

By: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
District Secretary

HIDDEN VALLEY LAKE COMMUNITY  
SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY

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

ATTEST:

\_\_\_\_\_  
Secretary



**EXHIBIT A**

**DESCRIPTION OF THE 2023 PPROJECT**

Water System Improvements, including but not limited to:

1. Tank 4 Replacement
2. Wellhead Refurbishment
3. Tank 9 Replacement
4. Installation of Stationary Generators
5. Replacement and Refurbishment of Mainlines
6. Development of Defensible Space Buffers in the vicinity of Water System Infrastructure

Total Project Costs: \$\_\_\_\_\_

**EXHIBIT B**

**PURCHASE PRICE**

1. The principal amount of payments to be made by the District hereunder is \$\_\_\_\_.00.
2. The Series 2023 Installment Payments of principal and interest are payable in the amounts and on the Series 2023 Installment Payment Dates as follows:

<i>Series 2023 Installment Payment Date (25th Day of Month Prior to)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2/1/2024	\$	\$	\$
8/1/2024			
2/1/2025			
8/1/2025			
2/1/2026			
8/1/2026			
2/1/2027			
8/1/2027			
2/1/2028			
8/1/2028			
2/1/2029			
8/1/2029			
2/1/2030			
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2/1/2037			
8/1/2037			
2/1/2038			
8/1/2038			
2/1/2039			
8/1/2039			
2/1/2040			
8/1/2040			
2/1/2041			
8/1/2041			

<i>Series 2023 Installment Payment Date (25th Day of Month Prior to)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2/1/2042			
8/1/2042			
2/1/2043			
8/1/2043			
2/1/2044			
8/1/2044			
2/1/2045			
8/1/2045			
2/1/2046			
8/1/2046			
2/1/2047			
8/1/2047			
2/1/2048			
<b>TOTAL</b>	\$ _____ _____00	\$ _____	\$ _____

**EXHIBIT C**

**FORM OF REQUISITION FROM ACQUISITION FUND**

\$ \_\_\_\_\_  
HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY  
WATER REVENUE BONDS, SERIES 2023A

REQUISITION NO. \_\_ FOR  
DISBURSEMENT FROM ACQUISITION FUND

The undersigned hereby states and certifies to U.S. Bank Trust Company, National Association:

(i) that the undersigned is the duly appointed, qualified and acting General Manager of the Hidden Valley Lake Community Services District, a Community Services District that is organized and existing under the laws of the State of California, including but not limited to Division 3 of Title 6 of the California Government Code (the “**District**”), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.05 of that certain Installment Purchase Agreement, dated as of November 1, 2023 (the “**IPA**”), by and between the District and the Hidden Valley Lake Community Services District Public Financing Authority, the undersigned hereby requests \_\_\_\_\_ to disburse this date the following amounts from the Acquisition Fund established under the IPA to the payees designated on the attached Exhibit A;

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

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

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

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

HIDDEN VALLEY LAKE COMMUNITY  
SERVICES DISTRICT

By: \_\_\_\_\_  
General Manager

EXHIBIT A  
ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
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**EXHIBIT D**

**FORM OF SUBSTITUTION STATEMENT**

U.S. Bank Trust Company, National Association  
1 California Street, Suite 1000  
San Francisco, California 94111  
Attention: Corporate Trust  
Reference: Hidden Valley Lake Community Services District 2023 Bonds

The undersigned General Manager of the Hidden Valley Lake Community Services District (the “**District**”) hereby states pursuant to Section 3.02 of the Installment Purchase Agreement, dated as of November 1, 2023 (the “**IPA**”), by and between the District and the Hidden Valley Lake Community Services District Public Financing Authority, that each component of the 2023 Project (as such term is defined in the IPA) described in the first column of Exhibit A attached hereto, with an estimated cost set forth in the second column of Exhibit A, will be replaced by the corresponding improvement described in the third column of Exhibit A with an estimated cost set forth in the fourth column of Exhibit A.

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

\_\_\_\_\_

EXHIBIT A

<i>Components of 2023 Project to be Replaced</i>	<i>Cost of Each Component of 2023 Project to be Replaced</i>	<i>Improvements to be Substituted</i>	<i>Cost of Each Improvement to be Substituted</i>
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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “**Disclosure Agreement**”) is executed and delivered by the Hidden Valley Lake Community Services District (the “**District**”) in connection with the issuance of the Hidden Valley Lake Community Services District Public Financing Authority Water Revenue Bonds, Series 2023A in an aggregate principal amount of \$\_\_\_\_\_ (the “**Bonds**”). The Bonds are being issued by the Hidden Valley Lake Community Services District Public Financing Authority (the “**Authority**”) pursuant to the provisions of that certain Indenture of Trust, dated as of November 1, 2023 (the “**Indenture**”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The District hereby certifies, covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” shall mean each April 1 after the end of the District’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*Beneficial Owner*” shall mean any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean, initially, the District, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the District and has filed with the then-current Dissemination Agent a written acceptance of such designation.

“*Financial Obligation*” shall mean a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“*Insurer*” means \_\_\_\_\_.

“*Listed Events*” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.



“*Official Statement*” shall mean the Official Statement dated October \_\_, 2023, relating to the Bonds.

“*Participating Underwriter*” shall mean Hilltop Securities Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*SEC*” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District) to, not later than the Annual Report Date, commencing April 1, 2024 with the Annual Report for fiscal year [2022-23], provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 calendar days prior to such date, the District shall provide its Annual Report to the Dissemination Agent, if the Dissemination Agent is a different entity than the District. The Annual Report must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the District may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent (if other than the District) to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. If the Dissemination Agent is a different entity than the District, the Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District in a timely manner shall send to the MSRB a notice in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it (if the Dissemination Agent is other than the District) to the MSRB by the date required in subsection (a);
2. file a report with the District (if the Dissemination Agent is other than the District) and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided; and
3. take any other actions as are mutually agreed upon between the Dissemination Agent and the District.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the District for the prior fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time that the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Principal amount of the Bonds outstanding.

(c) An update of the information for the prior fiscal year in substantially the form set forth in the following tables in the Official Statement under the caption “THE WATER SYSTEM”:

1. Table 1 – Historical Water Supply in Acre Feet;
2. Table 2 – Historical Water System Deliveries in Acre Feet;
3. Table 3 – Historical Water System Connections;
4. Table 4 – Historical Water System Sales Revenues; and
5. Table 5 – Ten Largest Water System Customers.

(d) An update of the information for the prior fiscal year in substantially the form set forth in the following table in the Official Statement under the caption “WATER SYSTEM FINANCIAL INFORMATION”:

1. Table 13 – Historical Water System Operating Results and Debt Service Coverage Fiscal Year Ended June 30.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, that are available to the public on the MSRB’s Internet website or filed with the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. Principal and interest payment delinquencies.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.

4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
6. Tender offers.
7. Defeasances.
8. Rating changes.
9. Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

1. Unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.
2. Modifications to the rights of Bondholders.
3. Bond calls.
4. Release, substitution or sale of property securing repayment of the Bonds.
5. Non-payment related defaults.
6. The consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. Appointment of a successor or additional trustee or the change of the name of a trustee.
8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the District, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the District determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the District, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the District and, if the Dissemination Agent is other than the District, the Dissemination Agent shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the District and the Dissemination Agent specified in this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 7. Dissemination Agent. The District may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the District shall act as Dissemination Agent. The initial Dissemination Agent shall be the District.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver: (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders; or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of Bond owners.

The District shall describe any amendment to this Disclosure Agreement in the next Annual Report filed after such amendment takes effect.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provisions of this Disclosure Agreement, the Insurer, any Participating Underwriter or any holder or Beneficial Owner of the Bonds, or the Trustee on behalf of the holders of the Bonds (after receiving indemnification to its satisfaction), may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent (if other than the District), its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties as described hereunder, if any, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but

excluding liabilities due to the Dissemination Agent's (if other than the District) negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent (if other than the District) shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the District pursuant to this Disclosure Agreement. The District shall pay the reasonable fees and expenses of the Dissemination Agent (if other than the District) for its duties as described hereunder.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the District and the Insurer as follows:

District: Hidden Valley Lake Community Services District  
19400 Hartmann Road  
Hidden Valley Lake, California 95467  
Attention: General Manager

Insurer: \_\_\_\_\_

In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at \_\_\_\_\_ or at Telecopier: \_\_\_\_\_ and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Insurer, the Trustee, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: November \_\_, 2023

HIDDEN VALLEY LAKE COMMUNITY  
SERVICES DISTRICT

By: \_\_\_\_\_  
General Manager

\$ \_\_\_\_\_  
**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY  
WATER REVENUE BONDS, SERIES 2023A**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2023

Hidden Valley Lake Community Services District Public Financing Authority  
c/o Hidden Valley Lake Community Services District  
19400 Hartmann Rd.  
Hidden Valley Lake, CA 95467

Hidden Valley Lake Community Services District  
19400 Hartmann Rd.  
Hidden Valley Lake, CA 95467

Ladies and Gentlemen:

The undersigned (the “**Underwriter**”) hereby offers to enter into this Bond Purchase Agreement (the “**Purchase Agreement**”) with you, the Hidden Valley Lake Community Services District Public Financing Authority (the “**Authority**”) and the Hidden Valley Lake Community Services District (the “**District**”), for the purchase by the Underwriter and the delivery by the Authority of the Bonds specified below. The proceeds of the Bonds (defined below) will be used (i) to finance certain capital improvements to the District’s water system (the “**Water System**”); and (ii) to pay costs incurred in connection with the issuance of the Bonds, including the premium for a municipal bond insurance policy (the “**Insurance Policy**”) insuring the Bonds maturing on February 1 of the years 20\_\_ through 20\_\_, inclusive, to be issued by \_\_\_\_\_ (the “**Insurer**”). This offer is subject to your acceptance prior to 11:59 p.m., Los Angeles time, on the date hereof and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the District and the Authority at any time prior to the acceptance thereof by the District and the Authority. Upon such acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Indenture and Installment Purchase Agreement (each as defined below).

The District and the Authority acknowledge and agree that: (i) the primary role of the Underwriter, as an underwriter, is to purchase the Bonds, for resale to investors, in an arm’s-length commercial transaction among the Authority, the District and the Underwriter, and the Underwriter has financial and other interests that differ from those of the Authority and the District; (ii) the Underwriter is acting solely as a principal and not as an agent of the District or the Authority and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District or the Authority; (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District or the Authority with respect to the transaction contemplated by the Purchase Agreement and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter have provided other services or are currently providing other services to the District or

the Authority on other matters); (iv) the only obligations the Underwriter has to the District and the Authority with respect to the transaction contemplated by this Purchase Agreement are expressly set forth in this Purchase Agreement; and (v) the District and the Authority have consulted their own financial and/or municipal legal, accounting, tax and other advisors, as applicable, to the extent the District and the Authority have deemed appropriate. The Authority acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “**MSRB**”).

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the Hidden Valley Lake Community Services District Public Financing Authority Water Revenue Bonds, Series 2023A (the “**Bonds**”) to be dated the Closing Date, at a price of \$\_\_\_\_\_, being the principal amount of the Bonds, plus net original issue premium of \$\_\_\_\_\_, less an Underwriter’s discount of \$\_\_\_\_\_.

The Bonds shall mature in the amounts and on the dates, and bear interest at the rates, set forth in Exhibit A hereto. The Bonds shall be as described in and shall be secured under and pursuant to an Indenture of Trust, dated as of November 1, 2023 (the “**Indenture**”), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the Authority, the Trustee and the Underwriter.

The obligation of the Authority to pay the principal of and interest on the Bonds is a special obligation of the Authority, payable solely from Authority Revenues (as defined in the Indenture), and certain other amounts held under the Indenture. Authority Revenues consist primarily of installment payments made by the District pursuant to the Installment Purchase Agreement, dated as of November 1, 2023 (the “**Installment Purchase Agreement**”), by and between the District and the Authority. The principal of and interest on the Bonds are not required to be paid from any other funds of the Authority, including any proceeds of any taxes, and the Bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, dated \_\_\_\_\_, 2023 relating to the Bonds (together with the cover page and all appendices thereto, the “**Preliminary Official Statement**”), and authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Official Statement (as defined below), the Indenture, the Installment Purchase Agreement, the Continuing Disclosure Agreement as required by Securities and Exchange Commission Rule 15c2-12, as amended (“**Rule 15c2-12**”), and substantially in the form attached as an appendix to the Official Statement (the “**Continuing Disclosure Agreement**”) and this Purchase Agreement, and all information contained therein, and all other documents, certificates and statements furnished by the District to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The District has heretofore “deemed final” the Preliminary Official Statement within the meaning of Rule 15c2-12.

The District will undertake pursuant to the Installment Purchase Agreement and the Continuing Disclosure Agreement to provide certain annual financial and operating information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official



Statement and will also be set forth in the final Official Statement. This undertaking will be entered into in order to assist the Underwriter in complying with Rule 15c2-12.

2. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the cover page of the Official Statement of the District pertaining to the Bonds, dated \_\_\_\_\_, 2023 (together with all appendices thereto, and with such changes therein and supplements thereto as are consented to in writing by the Underwriter, and with the Preliminary Official Statement, are herein called the “**Official Statement**”). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 5 hereof. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. “**Public Offering**” shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

3. The District shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The District shall deliver these copies to the Underwriter no later than the earlier of (i) seven (7) business days after the execution of this Purchase Agreement or (ii) one (1) business day prior to the Closing Date in order to permit the Underwriter to comply with Rule 15c2-12 of the Securities and Exchange Commission, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The District and Authority shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32. The Underwriter shall inform the District in writing of the End Date, and covenants to file the Official Statement with the MSRB on a timely basis.

The Official Statement, as of its date, as of the Closing Date and as of the date of any update, amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the end (the “**End Date**”) of the Underwriting Period (as hereinafter defined), will be correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If, after the date of this Purchase Agreement and until the earlier of (i) ninety (90) days after the end of the “underwriting period” (as defined in Rule 15c2-12) (the “**Underwriting Period**”), or (ii) twenty-five (25) days following the end of the Underwriting Period if the Official Statement is available to any person from the MSRB as contemplated by Rule 15c2-12(b)(4), any event shall occur or circumstance shall exist of which the Authority or the District has knowledge that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority or the District, as the case may be, shall notify the Underwriter (and for

the purpose of this Section provide the Underwriter with such information as it may from time to time reasonably request), and, if in the opinion of the District, the Authority or the Underwriter such event or circumstance requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority and the District will, at their expense, supplement or amend the Official Statement in a form and manner jointly approved by the District, the Authority and the Underwriter and furnish to the Underwriter a reasonable number of copies of such supplement or amendment provided that the Underwriter promptly agrees that it will notify the Authority and the District of the end of the Underwriting Period.

4. At 8:30 a.m., Pacific Time, on \_\_\_\_\_, 2023, or at such other time or date as shall be agreed upon by the Underwriter and the District (such time and date being herein referred to as the “**Closing Date**”), the District will deliver to the Underwriter, at a location or locations to be designated by the Underwriter, the Bonds in book-entry form (all Bonds having had the CUSIP numbers assigned to them thereon), duly executed by an authorized officer of the Trustee as provided in the Indenture, and the other documents herein mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds (such delivery and payment being herein referred to as the “**Closing**”).

Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of The Depository Trust Company.

5. (a) The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, the Authority will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Authority or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not

been satisfied and for which the Authority and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and

(B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Authority acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party;

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(4) “sale date” means the date of execution of this Purchase Agreement by all parties.

6. The Underwriter represents to and agrees with the District and the Authority that:

(i) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it;

(ii) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District and the Authority, and is not prohibited thereby from acting as the underwriter with respect to securities of the District and the Authority; and

(iii) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590 (c) or MSRB Rule G-32, with the District or the Authority with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

7. The Authority represents, warrants and covenants to the Underwriter that:

(a) The Authority is a joint powers authority duly organized and validly existing pursuant to the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Indenture, the Installment Purchase Agreement, and this Purchase Agreement (collectively, the “**Authority Documents**”) and, when executed and delivered by the respective parties thereto, the Authority Documents will constitute the legal, valid and binding obligations of the Authority in accordance with their respective terms.

(b) Neither the execution and delivery of the Authority Documents, or the approval and execution of the Official Statement or this Purchase Agreement, and compliance with the provisions on the Authority’s part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in a security interest in or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Authority Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of the Bonds or the consummation by the Authority of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the Authority, and except as disclosed in the Official Statement, there is, and on the Closing Date there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Authority to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Indenture, or in any way contesting or affecting the validity of the Authority Documents or the authority of the Authority to execute this Purchase Agreement, or enter into the Authority Documents or contesting the powers of the Authority to perform its obligations under any of the foregoing or in any way contesting the powers of the Authority in connection with any action contemplated by this Purchase Agreement, or in any way questioning or challenging the tax status of interest on the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the Authority contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 7(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the Authority and the Bonds contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The Authority agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Authority will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the Authority prior to or concurrently with the execution hereof, the Authority has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Authority Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The Authority is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The Authority is not in default, nor has it been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the Authority or with respect to an obligation guaranteed by the Authority as guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the Authority has knowledge, which might or would cause the information relating to the Authority or the Authority's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the Authority.

(k) If the information relating to the Authority, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless

subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the End Date, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) No consent, approval, authorization or other action by a governmental or regulatory authority that has not been obtained is or will be required of the Authority for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(m) At or prior to the Closing, the Authority will deliver all opinions, Bonds, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Agreement.

(n) Any certificate of the Authority delivered to the Underwriter shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(o) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the Authority does not and will not have outstanding any indebtedness which is secured by a lien on the Authority Revenues superior to or on a parity with the lien of the Bonds thereon.

(p) Between the date of this Purchase Agreement and the Closing Date, the Authority will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent.

(q) The Authority is not presently and as a result of the execution of the Authority Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the Authority is a party or to which the Authority is bound.

(r) The Authority will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Authority Documents.

8. The District represents, warrants and covenants to the Underwriter that:

(a) The District is a community services district duly organized and existing under the laws of the State of California, and has all necessary power and authority to enter into and perform its duties under the Installment Purchase Agreement, the Continuing Disclosure Agreement, and this Purchase Agreement (collectively, the “**District Documents**”) and, when executed and delivered by the respective parties thereto, the District Documents will constitute the legal, valid and binding obligations of the District in accordance with their respective terms.

(b) Neither the execution and delivery of the District Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the District's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in a security interest in or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the District Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and delivery of the Bonds or the consummation by the District of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the District, and except as disclosed in the Official Statement, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Indenture, or in any way contesting or affecting the validity of the District Documents or the authority of the District to execute this Purchase Agreement, or enter into the District Documents, or in any way questioning or challenging the tax status of interest on the Bonds.

(e) As of its date and as of the date hereof, the information relating to the District, the Bonds (excluding information as to the Insurer and the Insurance Policy and DTC and its book-entry system, as to which no view is expressed) and the Water System contained in the Preliminary Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the District, the Bonds (excluding information as to the Insurer and the Insurance Policy and DTC and its book-entry system, as to which no view is expressed) and the Water System contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 8(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The District agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the District will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the District prior to or concurrently with the execution hereof, the District has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on



its part contained in the District Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The District is not in default, nor has it been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the District or with respect to an obligation guaranteed by the District as guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the District has knowledge, which might or would cause the information relating to the District, the Water System or the District's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the District.

(k) If the information relating to the Water System, the District, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the End Date, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) The District covenants that it will comply with all tax covenants relating to it in the District Documents and the Tax Certificate of the District.

(m) The written information supplied by the District with respect to the Water System and District finances in the Preliminary Official Statement and the Official Statement is true, correct and complete in all material respects for the purposes for which it was supplied.

(n) No consent, approval, authorization or other action by an governmental or regulatory agency that has not been obtained is or will be required of the District for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except for such licenses, certificates, approvals, variances or permits which may be necessary for the construction or operation of the Water System which the District has applied for (or will apply for in the ordinary course of business) and expects to receive, and except

as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(o) Substantially all the proceeds from the sale of the Bonds (after deducting the expenses of issuance and sale of the Bonds) will be used to finance the acquisition and construction of improvements to the Water System, and the District will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Indenture, as amended from time to time.

(p) At or prior to the Closing, the District will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Agreement.

(q) Any certificate of the District delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein.

(r) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the District does not and will not have outstanding any indebtedness which is secured by a lien on the Revenues superior to or on a parity with the lien thereon established under the Installment Purchase Agreement.

(s) Between the date of this Purchase Agreement and the Closing Date, the District will not, without the prior written consent of the Underwriter, and except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent payable from the Net Revenues.

(t) The District is not presently and as a result of the execution of the District Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the District is a party or to which the District is bound.

(u) The District will undertake, pursuant to the Continuing Disclosure Agreement to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12.

9. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the Authority and the District contained herein, and the opinions of Bond Counsel, Counsel to the Trustee, Counsel to the District and Counsel to the Authority required hereby. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of Closing, this Purchase Agreement, the Indenture, the Installment Purchase Agreement, and the Continuing Disclosure Agreement (collectively the "**Legal Documents**"), all as described in the Official Statement, shall be in full force and effect as valid and binding agreements between or among the various parties thereto and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Stradling Yocca Carlson & Rauth,

a Professional Corporation (herein called “**Bond Counsel**”), shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to them:

(1) The unqualified approving opinion of Bond Counsel, dated the Closing Date, addressed to the Authority, the District, the Trustee, the Insurer and the Underwriter (or a reliance letter to the Trustee, the Insurer and the Underwriter), in substantially the form attached as APPENDIX C to the Official Statement.

(2) A supplemental opinion or opinions of Bond Counsel dated the Closing Date, addressed to the Underwriter, in form and substance to the effect that:

(i) The statements and information contained in the Official Statement under the captions “INTRODUCTION,” “THE BONDS,” “SECURITY FOR THE BONDS,” “TAX MATTERS” and APPENDIX B and APPENDIX C, to the extent they purport to summarize information concerning the Bonds and certain provisions of the Legal Documents and the opinion of such counsel, present a fair and accurate summary of such information and such provisions;

(ii) The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an Indenture pursuant to the Indenture Act of 1939, as amended; and

(iii) The Purchase Agreement has been duly authorized, executed and delivered by the Authority and the District, and, assuming due authorization, execution and delivery by the Underwriter, constitutes the legal, valid and binding agreement of the Authority and the District enforceable against each in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and equitable remedies if equitable remedies are sought, and except no opinion need be expressed as to the enforceability of the indemnification, waiver, choice of law or contributions provisions contained in the Purchase Agreement.

(3) A letter from Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel, dated the Closing Date and addressed to the Authority, the District and the Underwriter, to the effect that, based upon their participation in conferences in the course of preparation of the Preliminary Official Statement and Official Statement, and in reliance on such conferences and on the certificates, opinions and other documents mentioned in such letter, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused them to believe that the Preliminary Official Statement as of its date and as of the date of this Purchase Agreement and the Official Statement as of its date and as of the Closing Date (except for any CUSIP numbers, financial, statistical or economic or engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals, technology, real estate or environmental matters, any information with respect to ratings or rating agencies, the

compliance by the District with its obligations to provide notice of the events described in part (b)(5)(i)(C) of Rule 15c2-12 or to file annual reports described in part (b)(5)(i)(A) of Rule 15c2-12, the appendices thereto or any information about the Insurer, the Insurance Policy, The Depository Trust Company or the Book-Entry System included or referred to therein, which such firm expressly excludes from the scope of this section and as to which such firm need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(4) An opinion of Bartkiewicz, Kronick & Shanahan, Sacramento, California , General Counsel to the District, dated the Closing Date, in form and substance satisfactory to the Underwriter and Bond Counsel, addressed to the Authority and the Underwriter, to the effect that:

(i) the District is a community services district created in accordance with the laws of the State of California;

(ii) the preparation and distribution of the Official Statement and the District Documents have been duly approved by the District;

(iii) the resolution of the District approving and authorizing the execution and delivery of the Official Statement and the District Documents has been duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iv) except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel, threatened against or affecting the District, which would adversely impact the District's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the District Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the District Documents;

(v) the execution and delivery of the District Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject;

(vi) the District Documents and the Official Statement have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the other parties thereto, the District

Documents constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California;

(vii) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California is required for the valid authorization, execution and delivery of the District Documents and the approval of the Official Statement; and

(viii) the Water System charges and fees were duly approved and adopted by the District and are valid and enforceable at the current levels levied by the District.

(5) An opinion of Bartkiewicz, Kronick & Shanahan, Sacramento, California, General Counsel to the Authority, dated the Closing Date, in form and substance satisfactory to the Underwriter and Bond Counsel, addressed to the District and the Underwriter, to the effect that:

(i) the Authority is a joint powers authority duly organized and validly existing under the laws of the State of California;

(ii) the preparation and distribution of the Official Statement and the Authority Documents have been duly approved by the Authority;

(iii) the resolution of the Authority approving and authorizing the execution and delivery of the Official Statement and the Authority Documents has been duly adopted at a meeting of the governing body of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iv) except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel, threatened against or affecting the Authority, which would adversely impact the Authority's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the Authority Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Authority Documents;

(v) the execution and delivery of the Authority Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the

Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject;

(vi) the Authority Documents and the Official Statement have been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto, the Authority Documents constitute legal, valid and binding agreements of the Authority enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California; and

(vii) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California is required for the valid authorization, execution and delivery of the Authority Documents and the approval of the Official Statement.

(6) The opinion of counsel to the Trustee, dated the Closing Date in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the Authority, the District and the Underwriter, to the effect that:

(i) The Trustee is a national banking association duly organized and validly existing under the laws of the United States;

(ii) The Trustee has duly authorized the execution and delivery of the Indenture;

(iii) The Indenture has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the Authority, constitutes the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity;

(iv) The Trustee has duly authenticated the Bonds in its capacity as trustee under the Indenture; and

(v) No approval, authorization or other action by, or filing with, any governmental body or regulatory authority (which has not been obtained) is required in connection with the due execution, delivery and performance by the Trustee of the Indenture.

(7) An opinion, dated the Closing Date and addressed to the Underwriter, of Kutak Rock LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), in such form as may be acceptable to the Underwriter.

(8) A certificate, dated the Closing Date, signed by a duly authorized official of the Authority satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the Authority contained in this Purchase Agreement; (b) certifying that the Authority has complied with all agreements, covenants and conditions to be complied with by the Authority at or prior to the Closing under the Authority Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the Authority has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect.

(9) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the District satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the District contained in this Purchase Agreement; (b) certifying that the District has complied with all agreements, covenants and conditions to be complied with by the District at or prior to the Closing under the District Documents; (c) certifying that to the best of such official's knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect; (d) certifying that no consent is required to be obtained for the inclusion of the District's audited financial statements, including the accompanying accountant's letter, for Fiscal Year 2022 in the Official Statement; and (e) certifying that the payment by the District of the Series 2023 Installment Payments is on a parity with the I-Bank Obligation (as defined in the Official Statement).

(10) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the District deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12.

(11) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the Authority deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12.

(12) Executed or certified copies of the Legal Documents.

(13) An executed copy of the Official Statement.

(14) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of documents such as the Bonds and the Indenture.

(15) A copy of the resolution adopted by the Authority and certified by the Secretary of the Authority authorizing the execution and delivery of the Authority Documents and the Official Statement.

(16) A copy of the resolution adopted by the District and certified by the Secretary of the Board of Directors, authorizing the execution and delivery of the District Documents and the Official Statement.

(17) Tax certifications by the Authority and the District in form and substance acceptable to Bond Counsel.

(18) A Certificate of the Trustee, dated the Closing Date to the effect that:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) Subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture; and

(iii) The Trustee has duly authorized and executed the Indenture.

(19) Evidence that the Bonds have been rated as set forth in the Official Statement and that such ratings continue in effect as of the Closing.

(20) The Insurance Policy, duly executed by the Insurer.

(21) An opinion of counsel to the Insurer, dated the Closing Date, addressed to the Authority and the Underwriter, in form and substance satisfactory to the Underwriter and Bond Counsel.

(22) A certificate or certificates of the Insurer, dated the Closing Date, as to the accuracy of the information relating to the Insurer and the Insurance Policy included in the Official Statement and such other matters reasonably requested by the Underwriter and Bond Counsel.

(23) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds.

(24) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

(25) A copy of the Debt Management Policy of the Authority and the District which complies with California Government Code Section 8855(i).

(26) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel, the Underwriter and Underwriter's Counsel may reasonably request to evidence compliance with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the



Official Statement and the due performance or satisfaction by the Trustee and the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) All matters relating to this Purchase Agreement, the Bonds and the sale thereof, the Legal Documents and the consummation of the transactions contemplated by this Purchase Agreement shall have been approved by the Underwriter, such approval not to be unreasonably withheld.

If the conditions to the Underwriter's obligations contained in this Purchase Agreement are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter, the District nor the Authority shall have any further obligation hereunder.

10. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefore, by written notification to the Authority and the District if at any time at or prior to the Closing:

(i) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(ii) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iii) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter); or

(iv) A general banking moratorium shall have been established by federal, State of New York or California authorities; or

(v) A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as amended, the Exchange Act of 1934, as amended and the Trust Indenture Act of 1939, as amended; or

(vi) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vii) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the District or the Authority, its property, income or securities (or interest thereon), or the ability of the District to execute the Installment Purchase Agreement or the Authority to issue the Bonds and pledge the Authority Revenues as contemplated by the Indenture and the Official Statement; or

(viii) There shall have occurred any (1) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (2) new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereto; or

(ix) There shall have occurred any materially adverse change in the affairs or financial position, results of operations or condition, financial or otherwise, of the District or the Authority, other than changes in the ordinary

course of business or activity or in the normal operation of the District or the Authority, except as described in the Official Statement; or

(x) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any respect any material statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(xi) An event described in Section 7(j) or 8(j) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xii) Any rating of the Bonds or other obligations of the Insurer by a national rating agency shall have been withdrawn or downgraded; or

(xiii) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(xiv) Any rating of the Bonds or other obligations of the District or the Authority by a national rating agency shall have been withdrawn or downgraded or placed on negative outlook or negative watch.

11. Performance by the Authority and the District of their respective obligations under this Purchase Agreement is conditioned upon (i) performance by the Underwriter of its obligations hereunder, and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the Authority or the District.

12. After the Closing and until the End Date (a) neither the Authority nor the District will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall reasonably object in writing or which shall be reasonably disapproved by the Underwriter, and (b) if any event relating to or affecting the Authority or the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, then the Authority will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to an initial purchaser of the Bonds, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement to be utilized until the End Date shall be borne by the Authority and any costs incurred thereafter incident to amending or supplementing the Official Statement shall be borne by the Underwriter. For the purposes of this Section, the Authority will furnish such information with respect to itself as the Underwriter may from time to time request.

13. The Underwriter shall be under no obligation to pay, and the District or Authority shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the District and Authority's obligations hereunder, including but not limited to: the cost of photocopying and delivering the Bonds to the Underwriter; the cost of preparing, printing (and/or word processing and reproducing), distributing and delivering the District Documents and the Authority Documents, and the cost of printing, distributing and delivering the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of Bond Counsel, Disclosure Counsel, any accountants, financial advisors or other engineers or experts or consultants the District or the Authority have retained in connection with the Bonds and expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the District or Authority officers or employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those officers or employees.

(a) Whether or not the Bonds are delivered to the Underwriter as set forth herein, neither the Authority nor the District shall be under any obligation to pay, and the Authority and District shall not pay, any expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in subsection (a) of this section), including any advertising expenses and the fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and the fees and disbursements of Underwriter's Counsel.

14. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Hilltop Securities Inc., 777 S. Hwy. 101, Suite 104, Solana Beach, CA 92075, Attention: Public Finance Department. Any notice or other communication to be given to the Authority or the District may be given by delivering the same to addresses initially provided herein, Attention: General Manager. The approval of the Underwriter when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by Hilltop Securities Inc. and delivered to you.

15. This Purchase Agreement is made solely for the benefit of the Authority, the District and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

16. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

17. The representations and warranties of the District and the Authority set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and warranties of the District and the Authority and regardless of delivery of and payment for the Bonds.

18. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District, the Authority and the Underwriter and shall be valid and enforceable as of the time of such acceptance.

19. This Purchase Agreement shall be governed by the laws of the State of California. This Purchase Agreement shall not be assigned by either party hereto.

20. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the District and the Authority and represents the entire agreement of the parties as to the subject matter herein.

21. Any provision of this Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

22. This Purchase Agreement shall be governed by the laws of the State of California.

**HILLTOP SECURITIES INC.**

By: \_\_\_\_\_  
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY**

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

Time of Execution: \_\_\_\_\_ p.m. California time

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

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

Time of Execution: \_\_\_\_\_ p.m. California time

**[EXECUTION PAGE OF BOND PURCHASE AGREEMENT - HIDDEN  
VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY WATER REVENUE BONDS, SERIES 2023A]**

**EXHIBIT A**

\$ \_\_\_\_\_

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY  
WATER REVENUE BONDS, SERIES 2023A**

<u>Maturity (February 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering- Price Rule</u>
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
20__ <sup>(T)</sup>							
20__ <sup>(T)</sup>							
20__ <sup>(T)</sup>							

<sup>(T)</sup> Term Bond.

<sup>(C)</sup> Priced to optional call at [par] on February 1, 20\_\_.

\* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

**EXHIBIT B**

\$ \_\_\_\_\_

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY  
WATER REVENUE BONDS, SERIES 2023A**

**FORM OF ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Hilltop Securities Inc. (“Hilltop Securities”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Issuer*** means the Hidden Valley Lake Community Services District Public Financing Authority.

(c) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Hilltop Securities’ interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

**HILLTOP SECURITIES INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 2023



**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES**

*(To be attached)*

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER \_\_, 2023**

**NEW ISSUE – BOOK-ENTRY ONLY**

**Insured Bonds Rating: S&P: \_\_**

**Underlying Rating: S&P: \_\_**

**See the caption “RATINGS”**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING AUTHORITY  
WATER REVENUE BONDS, SERIES 2023A**

**Dated: Date of Delivery**

**Due: February 1, as shown on inside front cover page**

The Bonds are being issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in denominations of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of the Bonds will not receive certificates representing their beneficial ownership in the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2024. Payment of the principal of and interest on the Bonds is to be made to Cede & Co., which is to disburse said payments to the Beneficial Owners of the Bonds through their nominees.

**The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, all as more fully described herein.**

The Bonds are being issued to provide funds: (i) to finance certain capital improvements to the District's water system; and (ii) to pay costs incurred in connection with the issuance of the Bonds, including the premium for a municipal bond insurance policy insuring the Bonds maturing on February 1 of the years 20\_\_ through 20\_\_, inclusive, to be issued by \_\_\_\_.

The Bonds are being issued pursuant to the Indenture of Trust, dated as of November 1, 2023, by and between the Hidden Valley Lake Community Services District Public Financing Authority and U.S. Bank Trust Company, National Association, as trustee. **THE BONDS ARE A SPECIAL LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM AUTHORITY REVENUES, WHICH CONSIST OF SERIES 2023 INSTALLMENT PAYMENTS TO BE MADE BY THE DISTRICT TO THE AUTHORITY PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT, DATED AS OF NOVEMBER 1, 2023, BY AND BETWEEN THE DISTRICT AND THE AUTHORITY, AND FROM CERTAIN OTHER FUNDS AND ACCOUNTS HELD BY THE TRUSTEE PURSUANT TO THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR ANY OTHER REVENUES OR FUNDS OF THE AUTHORITY ARE PLEDGED TO OR AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.**

[No debt service reserve fund or account has been established under the Indenture or the Installment Purchase Agreement in connection with the issuance of the Bonds.]

The Series 2023 Installment Payments are payable from Net Revenues on a parity with the obligation of the District to make payments under the Enterprise Fund Installment Sale Agreement (Agreement No. CIEDB #02-034), dated as of June 24, 2002, by and between the District and the California Infrastructure and Economic Development Bank, which is currently outstanding in the principal amount of \$1,263,511. The District may incur additional obligations payable from Net Revenues on a parity with the obligation to pay Series 2023 Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement, as more fully described herein.

**THE OBLIGATION OF THE DISTRICT TO MAKE SERIES 2023 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION 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 MAKE THE SERIES 2023 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES OF THE DISTRICT'S WATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.**

The scheduled payment of principal of and interest on the Bonds maturing on February 1 of the years 20\_\_ through 20\_\_, inclusive, with CUSIP #s \_\_ and \_\_, respectively (collectively, the "Insured Bonds"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by \_\_\_\_.

[BOND INSURER LOGO]

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**MATURITY SCHEDULE**

(See inside front cover page)

*The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the Bonds by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain matters will be passed upon for the District and the Authority by their General Counsel, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California, for the Trustee by its counsel and for the Insurer by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about November \_\_, 2023.*



Dated: October \_\_, 2023

\$ \_\_\_\_\_ †  
**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**PUBLIC FINANCING AUTHORITY**  
**WATER REVENUE BONDS, SERIES 2023A**

**MATURITY SCHEDULE**

**BASE CUSIP** † \_\_\_\_\_

<i><b>Maturity</b></i> <i><b>(February 1)</b></i>	<i><b>Principal</b></i> <i><b>Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>	<i><b>CUSIP</b></i> †
202__	\$	%	%		

\$ \_\_\_\_\_ % Term Bond due February 1, 20\_\_, Yield: \_\_\_\_\_%, Price: \_\_\_\_\_, CUSIP † \_\_\_\_\_

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† Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT  
PUBLIC FINANCING AUTHORITY**

**BOARD OF DIRECTORS**

Claude Brown, *Chair*  
Sean Millerick, *Vice Chair*  
Gary Graves, *Director*  
Jim Freeman, *Director*  
Jim Lieberman, *Director*

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

**BOARD OF DIRECTORS**

Claude Brown, *President*  
Sean Millerick, *Vice President*  
Gary Graves, *Director*  
Jim Freeman, *Director*  
Jim Lieberman, *Director*

**STAFF**

Dennis White, *General Manager*  
Trish Wilkinson, *Accounting Supervisor*  
Hannah Davidson, *Water Resources Specialist*  
Alyssa Gordon, *Project Manager*  
Penny Cuadras, *Administrative Services Manager*

**SPECIAL SERVICES**

**General Counsel**

Bartkiewicz, Kronick & Shanahan  
Sacramento, California

**Municipal Advisor**

NHA Advisors, LLC  
San Rafael, California

**Bond Counsel and Disclosure Counsel**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation  
Newport Beach, California

**Trustee**

U.S. Bank Trust Company, National Association  
San Francisco, California

No dealer, broker, salesperson or other person has been authorized by the District or the Authority to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement and the information that is contained herein are subject to completion or amendment without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the Authority or any other parties that are described herein since the date hereof. These securities may not be sold, nor may an offer to buy them be accepted, prior to the time that the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements which are included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend” or similar words. Such forward-looking statements include, but are not limited to, certain statements contained under the captions “THE DISTRICT,” “THE WATER SYSTEM” AND “WATER SYSTEM FINANCIAL INFORMATION.”

**THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.**

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, DEALER BANKS, BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

**THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.**

*The District maintains a website and certain social media accounts; however, information presented on such website and accounts is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.*

\_\_\_\_\_ (“\_\_\_”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, \_\_\_ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding \_\_\_\_, supplied by \_\_\_\_ and presented under the caption “BOND INSURANCE” and in Appendix F—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”



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## SUMMARY STATEMENT

*This Summary Statement is subject in all respects to the more complete information contained in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms that are used and not otherwise defined in this Summary Statement have the meanings ascribed to them in this Official Statement.*

**Purpose.** The Bonds are being issued to provide funds: (i) to finance certain capital improvements to the District's Water System, as described under the caption "THE 2023 PROJECT;" and (ii) to pay costs incurred in connection with the issuance of the Bonds, including the premium for a municipal bond insurance policy insuring the Bonds maturing on February 1 of the years 20\_\_ through 20\_\_, inclusive, to be issued by \_\_\_\_\_. See the caption "ESTIMATED SOURCES AND USES OF FUNDS."

**Security for the Bonds.** The Bonds are a special limited obligation of the Authority payable solely from Authority Revenues, which consist of Series 2023 Installment Payments to be made by the District to the Authority pursuant to the Installment Purchase Agreement and amounts on deposit in certain funds and accounts established by the Indenture. Neither the full faith and credit nor any other revenues or funds of the Authority are pledged to or available for the payment of debt service on the Bonds. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The obligation of the District to make Series 2023 Installment Payments is a special limited obligation of the District payable solely from Net Revenues of the District's Water System, which consist of Revenues of the Water System remaining after payment of Operation and Maintenance Costs of the Water System. See the caption "SECURITY FOR THE BONDS."

The obligation of the District to make the Series 2023 Installment Payments under the Installment Purchase Agreement is absolute and unconditional, and until such time as all payments that are required thereunder have been paid in full (or provision for the payment thereof has been made as provided for in the Installment Purchase Agreement), the District will not discontinue or suspend any Series 2023 Installment Payments required to be made by it under the Installment Purchase Agreement when due, whether or not the Water System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2023 Project has been completed, and such payments will not be subject to reduction whether by offset or otherwise and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

THE OBLIGATION OF THE DISTRICT TO MAKE SERIES 2023 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION 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 MAKE THE SERIES 2023 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

**Bond Insurance.** Concurrently with the issuance of the Bonds, \_\_\_\_\_ will issue its Municipal Bond Insurance Policy for the Bonds maturing on February 1 of the years 20\_\_ through 20\_\_, inclusive. The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy set forth in Appendix F.

**No Reserve Fund.** No debt service reserve fund or account has been established under the Indenture or the Installment Purchase Agreement in connection with the issuance of the Bonds.

**Rate Stabilization Fund.** The District has agreed and covenanted to maintain, so long as any Bonds remain outstanding, a Rate Stabilization Fund. There is \$0 on deposit in the Rate Stabilization Fund as of the date of the initial issuance of the Bonds. The District may deposit amounts therein from time to time in its sole discretion.

The Rate Stabilization Fund and all amounts on deposit therein have been irrevocably pledged to the payment of the Parity Bonds and Contracts as provided herein. The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund from time to time and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement. Amounts transferred from the Rate Stabilization Fund to the Revenue Fund during or within 270 days after the end of a Fiscal Year may be taken into account as Revenues for purposes of the calculations under the additional debt test and the rate covenant under the Installment Purchase Agreement in such Fiscal Year to the extent provided in the definition of “Revenues” in the Installment Purchase Agreement. See the caption “SECURITY FOR THE BONDS—Rate Stabilization Fund.”

**Rate Covenant.** The District will, to the fullest extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service which are reasonably expected, at the commencement of each Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 110% of the Debt Service in such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the foregoing requirements. See the caption “SECURITY FOR THE BONDS—Rate Covenant.”

**Parity Obligation.** The Series 2023 Installment Payments are payable from Net Revenues on a parity with the obligation of the District to make payments under the Enterprise Fund Installment Sale Agreement (Agreement No. CIEDB #02-034), dated as of June 24, 2002, by and between the District and the California Infrastructure and Economic Development Bank, which is currently outstanding in the principal amount of \$1,263,511.

**Additional Indebtedness.** The Installment Purchase Agreement does not permit the District to make any additional pledge of, or to place any additional lien on, the Revenues, or any portion thereof, which is senior to the pledge and lien securing the payment of the Series 2023 Installment Payments. The Installment Purchase Agreement does permit the District to incur Parity Bonds and Contracts payable on a parity with the Series 2023 Installment Payments provided that certain conditions are satisfied as described herein. Nothing in the Installment Purchase Agreement precludes the District from entering into obligations which are Operation and Maintenance Costs and, therefore, payable from Revenues prior to the Series 2023 Installment Payments, or from issuing any bonds or executing any contracts the payments under which are payable from Net Revenues on a subordinate basis to the Series 2023 Installment Payments, Parity Bonds and Contracts of the District. See the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

**Redemption.** The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See the caption “THE BONDS—Redemption.”

**The District and the Water System.** The District serves an unincorporated community known as Hidden Valley Lake, which is located in southern Lake County, approximately 80 miles northeast of San Francisco and 100 miles northwest of Sacramento. The population within the District’s boundaries was approximately 7,500. The District’s service area is approximately 3 square miles. Land use in the District consists primarily of a residential subdivision.

The District was established in 1984 to provide wastewater service to the Hidden Valley Lake community. On January 1, 1993, the District merged with the entity that had previously provided water service to the community and commenced operation as a combined water and wastewater utility. Only revenues of the District's Water System are pledged to the repayment of the Series 2023 Installment Payments.

The District currently supplies potable water to approximately 2,473 single family residential customers and 37 commercial, government and other non-residential customers. Although the District sells small amounts of reclaimed water, the revenues from such sales are part of the District's wastewater enterprise and are not pledged to the repayment of the Series 2023 Installment Payments.

The District's water supply consists of groundwater pumped from three District-owned wells. The District's wells are located in the Coyote Valley Groundwater Basin, an unregulated basin which has been deemed to be a very low priority basin under the Sustainable Groundwater Management Act, a legislative effort to regulate groundwater on a Statewide basis. See the caption "THE WATER SYSTEM—Water Supply."

The Water System includes the District's three wells, eight water storage tanks, approximately 32 miles of pipelines and associated pumps.

\$ \_\_\_\_\_ ‡  
**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT  
PUBLIC FINANCING AUTHORITY  
WATER REVENUE BONDS, SERIES 2023A**

**INTRODUCTION**

This Official Statement, including the front cover page, the inside front cover page and the appendices, provides certain information concerning the sale and delivery of the Hidden Valley Lake Community Services District Public Financing Authority Water Revenue Bonds, Series 2023A (the “**Bonds**”). Descriptions and summaries of various documents that are set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Capitalized terms that are used and not otherwise defined in this Official Statement have the meanings ascribed thereto in Appendix B.

The Bonds are being issued to provide funds: (i) to finance certain capital improvements to the District’s Water System, as described under the caption “THE 2023 PROJECT;” and (ii) to pay costs incurred in connection with the issuance of the Bonds, including the premium for a Municipal Bond Insurance Policy (the “**Policy**”) insuring the Bonds maturing on February 1 of the years 20\_\_ through 20\_\_, inclusive (the “**Insured Bonds**”), to be issued by \_\_\_\_\_ (“\_\_\_” or the “**Insurer**”). See the captions “ESTIMATED SOURCES AND USES OF FUNDS” and “BOND INSURANCE.”

The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2023 (the “**Indenture**”), by and between the Hidden Valley Lake Community Services District Public Financing Authority (the “**Authority**”) and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The Bonds are limited obligations of the Authority payable solely from Authority Revenues, which consist of payments (the “**Series 2023 Installment Payments**”) to be made by Hidden Valley Lake Community Services District (the “**District**”) to the Authority pursuant to an Installment Purchase Agreement, dated as of November 1, 2023 (the “**Installment Purchase Agreement**”), by and between the District and the Authority, and amounts on deposit in certain funds and accounts established by the Indenture.

The obligation of the District to make Series 2023 Installment Payments is a special limited obligation of the District payable solely from Net Revenues of the District’s Water System, which consist of Revenues of the District’s Water System remaining after payment of Operation and Maintenance Costs of the District’s Water System. See the caption “SECURITY FOR THE BONDS.” The term “**Water System**” is defined in Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS.”

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See the caption “THE BONDS—Redemption.”

The Series 2023 Installment Payments are payable from Net Revenues on a parity with the obligation of the District to make payments under the Enterprise Fund Installment Sale Agreement (Agreement No. CIEDB #02-034), dated as of June 24, 2002 (the “**I-Bank Obligation**”), by and between the District and the California Infrastructure and Economic Development Bank, which is currently outstanding in the principal amount of \$1,263,511.

The District is permitted to incur additional obligations payable on a parity with the Series 2023 Installment Payments provided that certain conditions are satisfied as described herein. See the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

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‡ Preliminary, subject to change.

No debt service reserve fund or account has been established under the Indenture or the Installment Purchase Agreement in connection with the issuance of the Bonds.

The District has undertaken to provide annual reports to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”) pursuant to a continuing disclosure agreement. See the caption “CONTINUING DISCLOSURE” and Appendix E.

**THE 2023 PROJECT**

The District intends to apply proceeds of the Bonds to pay for the costs of various elements of the Water System’s capital improvement plan, including but not limited to the following: (i) replacement of two water storage tanks; (ii) wellhead refurbishments; (iii) installation of stationary generators; (iv) replacement and refurbishments of mainlines; and (v) the development of defensible space buffers in the vicinity of Water System infrastructure.

The District expects to comply with all governmental approval, environmental review, public bidding and other permitting requirements for each component of the 2023 Project as required by law, and to complete the 2023 Project by late 2026.

Pursuant to the Installment Purchase Agreement, the District may substitute or add additional projects to the 2023 Project. See Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—ACQUISITION OF 2023 PROJECT—Changes to the 2023 Project.”

**ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Bonds:

<b>Sources<sup>(1)</sup></b>	
Principal Amount of Bonds	\$
Plus/Less Net Original Issue Premium/Discount	_____
<b>Total Sources</b>	<b>\$</b>
<b>Uses<sup>(1)</sup></b>	
Acquisition Fund	\$
Costs of Issuance <sup>(2)</sup>	_____
<b>Total Uses</b>	<b>\$</b>

(1) Amounts rounded to the nearest dollar. Totals may not add due to rounding.  
(2) Includes certain legal, municipal advisory, financing, rating agency and Trustee fees, Underwriter’s discount, premium for the Policy and printing costs.

**THE BONDS**

**General Provisions**

The Bonds will bear interest from and be dated the date of initial issuance, and will be payable upon maturity on the dates set forth on the inside front cover page hereof. Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2024. Interest will be calculated at the rates set forth on the inside front cover page hereof on the basis of a year of 360 days comprised of twelve 30 day months.

The Bonds will be delivered only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC



will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. See the caption “—Book-Entry Only System” and Appendix D.

In the event that the book-entry only system that is described below is discontinued, the principal of and interest on any Bond will be payable by check or draft of the Trustee upon presentation and surrender thereof at maturity or upon prior redemption at the Office of the Trustee in Los Angeles, California. Such principal and interest will be payable in lawful money of the United States of America.

### **Book-Entry Only System**

One fully-registered Bond will be issued for each maturity of the Bonds in the principal amount of the Bonds of such maturity. Each such Bond will be registered in the name of Cede & Co. and will be deposited with DTC. As long as the ownership of the Bonds is registered in the name of Cede & Co., the term “**Owner**” as used in this Official Statement will refer to Cede & Co. and not to the actual purchasers of the Bonds (the “**Beneficial Owners**”).

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The Authority cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis. See Appendix D for additional information concerning DTC.

### **Transfers and Exchanges Upon Termination of Book-Entry Only System**

In the event that the book-entry system that is described above is discontinued, the Bonds will be printed and delivered as provided in the Indenture. Thereafter, any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee is not required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Bond or Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity and series. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor will provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code, as amended. The Trustee will conclusively rely on the information provided to it and has no responsibility to verify or ensure the accuracy of such information.

Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee is not required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for

redemption. The Trustee will require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

**Redemption**

**Optional Redemption.** The Bonds with stated maturities on or after February 1, 20\_\_ , are subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the Authority in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to redemption, by lot within each maturity in integral multiples of \$5,000, on \_\_\_ 1, 20\_\_ or any date thereafter at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

**Mandatory Sinking Fund Redemption.** The Bonds with stated maturities on February 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on February 1, 20\_\_ and each February 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (February 1)</i>	<i>Principal Amount</i>
20__	\$
20__*	

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\* Final Maturity.

If some but not all of the Bonds maturing on February 1, 20\_\_ are redeemed as described under the subcaption “—Optional Redemption,” the principal amount of the applicable Bonds to be redeemed pursuant to the Indenture on any subsequent February 1 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the Authority in a Certificate of the Authority filed with the Trustee; provided, however, that the aggregate amount of such reductions may not exceed the aggregate amount of the applicable Bonds redeemed.

**Partial Redemption of Bonds.** Upon surrender of any Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same series, interest rate and maturity.

**Selection of Bonds for Redemption**

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of \$5,000 in accordance with the Indenture. The Trustee will promptly notify the Authority in writing of the numbers of the Bonds or portions thereof so selected for redemption.

**Notice of Redemption**

Notice of redemption will be mailed by first class mail not less than 20 days nor more than 60 days before any Redemption Date, to the respective Owners of any Bonds that are designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption will state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, and will designate the maturities, CUSIP numbers, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof that are designated for redemption the Redemption Price thereof or of said specified portion of the

principal thereof in the case of a Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any Bond. Notice of redemption of Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

### **Effect of Redemption**

Notice of redemption having been duly given as described above under the caption “—Notice of Redemption,” and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee will, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price. All Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

## DEBT SERVICE SCHEDULE

Set forth below is a schedule of debt service on the I-Bank Obligation and the Bonds. Debt service on the Bonds equals the Series 2023 Installment Payments for each annual period ending on June 30 in the years indicated. The below table assumes that there are no optional redemptions of the Bonds.

<i>Period Ending June 30</i>	<i>I-Bank Obligation</i>	<i>Bonds</i>			<i>Total Parity Debt Service</i>
		<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2024 <sup>(1)</sup>	\$ 165,930.18	\$	\$	\$	\$
2025	165,929.98				
2026	165,930.08				
2027	165,930.34				
2028	165,930.42				
2029	165,930.86				
2030	165,930.92				
2031	165,930.72				
2032	165,930.18				
2033	-				
2034	-				
2035	-				
2036	-				
2037	-				
2038	-				
2039	-				
2040	-				
2041	-				
2042	-				
2043	-				
2044	-				
2045	-				
2046	-				
2047	-				
2048	-				
2049	-				
2050	-				
2051	-				
2052	-				
2053	-				
<b>TOTAL</b>	<b>\$1,493,373.68</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

<sup>(1)</sup> A scheduled payment of \$21,985.09 was made on August 1, 2023.  
Source: Underwriter.

## SECURITY FOR THE BONDS

### General

Each Bond is a special limited obligation of the Authority payable solely from Authority Revenues, which consist of Series 2023 Installment Payments to be made by the District under the Installment Purchase Agreement and certain other funds and accounts established pursuant to the Indenture. NEITHER THE FULL FAITH AND CREDIT NOR ANY OTHER REVENUES OR FUNDS OF THE AUTHORITY ARE PLEDGED

TO OR AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The Authority has assigned substantially all of its right, title and interest in the Installment Purchase Agreement to the Trustee pursuant to the Indenture, for the benefit of the Owners of the Bonds, including its right to receive Series 2023 Installment Payments and its rights as may be necessary to enforce payment of the Series 2023 Installment Payments when due.

### **Series 2023 Installment Payments Payable From Net Revenues**

All of the Authority Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) have been irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Indenture. Such pledge constitutes a lien on and security interest in such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act, and will be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

The obligation of the District to make the Series 2023 Installment Payments is payable solely from Net Revenues of the District's Water System, which consist of Revenues of the District's Water System remaining after the payment of Operation and Maintenance Costs of the District's Water System. All Revenues (as such term is defined below) of the District's Water System, other amounts that are on deposit in the Revenue Fund and any other amounts (including proceeds of the sale of the Bonds) which are held in any fund or account that is established pursuant to the Installment Purchase Agreement (including the Rate Stabilization Fund) have been irrevocably pledged to the payment of the Series 2023 Installment Payments as provided in the Installment Purchase Agreement.

The Revenues will not be used for any other purpose while any of the Series 2023 Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement, including but not limited to the payment of Operation and Maintenance Costs of the Water System. Such pledge, together with the pledge created by all other Bonds and Contracts (as such terms are defined in Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—Definitions," and referred to in the forepart of this Official Statement as "**Parity Bonds and Contracts**" or "**Parity Bonds or Contracts**," as applicable), constitutes a first lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted in the Installment Purchase Agreement, the Revenue Fund, the Rate Stabilization Fund and other funds and accounts created thereunder for the payment of the Series 2023 Installment Payments and all other Parity Bonds and Contracts in accordance with the terms thereof and of the Indenture.

The term "**Revenues**" means all income, rents, rates, fees, charges, proceeds of grants and state and federal reimbursements and other moneys derived from the ownership of or operation of the Water System, including, without limiting the generality of the foregoing: (1) all in lieu charges (including investment earnings thereon) collected by or on behalf of the District; (2) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System; (3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, proceeds or other moneys, including District reserves; and (4) deposits to the Revenue Fund from amounts on deposit in the Rate Stabilization Fund in accordance with the Installment Purchase Agreement; but excluding in all cases: (i) any moneys transferred from the Revenue Fund to the Rate

Stabilization Fund in accordance with the Installment Purchase Agreement; (ii) all amounts reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program), to the extent that such amounts have been or will be deducted from the calculation of Debt Service; (iii) customers' deposits or any other deposits or advances that are subject to refund until such deposits or advances have become the property of the District; and (iv) proceeds of taxes or benefit assessments restricted by law to be used by the District to pay amounts due on bonds or other obligations hereafter incurred.

The term "**Operation and Maintenance Costs**" means: (1) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles applicable to governmental agencies, including, but not limited to, the reasonable expenses of management and repair and other expenses that are necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System, including but not limited to salaries and wages of employees, payments for post-employment and/or retirement benefits, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Bonds or of the Installment Purchase Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Parity Bonds or of such Parity Bonds; and (2) all payments under any contract for the purchase of water; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, capital improvement costs and amortization of intangibles or other bookkeeping entries of a similar nature.

Notwithstanding anything contained in the Installment Purchase Agreement, the District is not required to advance any moneys derived from any source of income other than the Revenues, the Revenue Fund and the Rate Stabilization for the payment of amounts due under the Installment Purchase Agreement or for the performance of any agreements or covenants that are required to be performed by it contained therein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

THE OBLIGATION OF THE DISTRICT TO MAKE SERIES 2023 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION 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 MAKE THE SERIES 2023 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES OF THE DISTRICT'S WATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

### **Rate Covenant**

The District will, to the fullest extent permitted by law, fix and prescribe, at the commencement of each fiscal year of the District ending June 30 (each, a "**Fiscal Year**"), rates and charges for the Water Service which are reasonably expected, at the commencement of each Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 110% of the Debt Service in such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the foregoing requirements.

So long as the District has complied with its obligations set forth in the prior paragraph, the failure of Net Revenues to meet the thresholds set forth in the prior paragraph will not constitute a default or an Event of Default under the Installment Purchase Agreement or the Indenture.

## **No Reserve Fund**

No debt service reserve fund or account has been established under the Indenture or the Installment Purchase Agreement in connection with the issuance of the Bonds.

## **Rate Stabilization Fund**

There has established with the District a fund to be known as the “Rate Stabilization Fund.” The District has agreed and covenanted in the Installment Purchase Agreement to maintain, so long as any Bonds remain outstanding, the Rate Stabilization Fund. There will be \$0 on deposit in the Rate Stabilization Fund as of the date of the initial issuance of the Bonds. The District may deposit amounts therein from time to time in its sole discretion.

Amounts in the Rate Stabilization Fund will be disbursed, allocated and applied by the District solely to the uses and purposes described in the Installment Purchase Agreement, and will be accounted for separately and apart from all other accounts, funds, money or other resources of the District.

The Rate Stabilization Fund and all amounts on deposit therein have been irrevocably pledged to the payment of the Bonds and Parity Bonds and Contracts as provided in the Installment Purchase Agreement; provided that amounts on deposit in the Rate Stabilization Fund may be apportioned for such purposes as are expressly permitted therein. The foregoing pledge constitutes a first lien on amounts on deposit in the Rate Stabilization Fund for the payment of Contracts and Bonds in accordance with the terms of the Installment Purchase Agreement.

The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund from time to time and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement. Amounts transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Installment Purchase Agreement during or within 270 days after the end of a Fiscal Year may be taken into account as Revenues for purposes of the calculations under the additional debt test or the rate covenant in such Fiscal Year to the extent provided in the definition of “Revenues.” See the captions “—Rate Covenant” and “—Additional Parity Bonds and Contracts.”

## **Additional Parity Bonds and Contracts**

The District may at any time issue or execute, as applicable, any Parity Bonds or Contracts, as the case may be, in accordance herewith; provided that:

(a) The Net Revenues for either the most recent audited Fiscal Year or a consecutive 12 month period within the 18 months preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Parity Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the District, produce a sum equal to at least 110% of the Debt Service for such Fiscal Year or consecutive 12 month period; and

(b) The Net Revenues for either the most recent audited Fiscal Year or a consecutive 12 month period within the 18 months preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Parity Bonds or the date of the execution of such Contract, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year or consecutive 12 month period to increases or decreases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the District, produce a sum equal to at least 110% of: (i) the Debt Service for such Fiscal Year or consecutive 12

month period; plus (ii) the Debt Service which would have accrued on any then-outstanding Parity Bonds which were issued or any then-outstanding Contracts which were executed since the end of such audited Fiscal Year or consecutive 12 month period, assuming that such Parity Bonds or Contracts had been issued or executed, as applicable, on the first day of such audited Fiscal Year or consecutive 12 month period; plus (iii) the Debt Service which would have accrued on the proposed additional Parity Bonds or the proposed additional Contract, assuming that such proposed additional Parity Bonds or proposed additional Contract had been issued or executed, as applicable, on the first day of such audited Fiscal Year or consecutive 12 month period.

Notwithstanding the foregoing, Parity Bonds issued or Contracts executed to refund outstanding Parity Bonds or to prepay outstanding Contracts may be delivered without satisfying the conditions set forth above if total Debt Service after such Parity Bonds are issued or Contracts executed is not greater than the total Debt Service which would have been payable prior to the issuance of such Parity Bonds or execution of such Contracts.

## **BOND INSURANCE**

*The information under this caption has been prepared by the Insurer for inclusion in this Official Statement. None of the Authority, the City or the Underwriter has reviewed this information, nor do the Authority, the City or the Underwriter make any representation with respect to the accuracy or completeness thereof. The following information is not a complete summary of the terms of the Policy (as such term is defined below) and reference is made to Appendix F for a specimen of the Policy.*

[TO COME FROM BOND INSURER]

## **THE DISTRICT**

### **General**

The District serves an unincorporated community known as Hidden Valley Lake, which is located in southern Lake County (the “**County**”), approximately 80 miles northeast of San Francisco and 100 miles northwest of Sacramento. The population within the District’s boundaries was approximately 7,500. The District’s service area is approximately 3 square miles. Land use in the District consists primarily of a residential subdivision. See the caption “—Land Use and Service Area.”

The District was established in 1984 to provide wastewater service to the Hidden Valley Lake community. On January 1, 1993, the District merged with the entity that had previously provided water service to the community and commenced operation as a combined water and wastewater utility. Only revenues of the District’s Water System are pledged to the repayment of the Series 2023 Installment Payments.

The District currently supplies potable water to approximately 2,473 single family residential customers and 37 commercial, government and other non-residential customers. Although the District sells small amounts of reclaimed water, the revenues from such sales are part of the District’s wastewater enterprise and are not pledged to the repayment of the Series 2023 Installment Payments.

The District’s water supply consists of groundwater pumped from three District-owned wells. The District’s wells are located in the Coyote Valley Groundwater Basin, an unregulated basin which has been deemed to be a very low priority basin under the Sustainable Groundwater Management Act, a legislative effort to regulate groundwater on a Statewide basis. See the caption “THE WATER SYSTEM—Water Supply.”

The Water System includes the District’s three wells, eight water storage tanks, approximately 32 miles of pipelines and associated pumps.



## Land Use and Service Area

The District provides retail water service to the unincorporated Hidden Valley Lake community, which consists of a gated residential subdivision, an 18-hole public golf course, campgrounds, parks and open space and a number of other amenities. The service area topography includes gently rolling hills and areas of relatively flat land surrounding Hidden Valley Lake, a 102 acre lake within the residential subdivision. The District is adjacent to State Route 29, allowing access to Napa Valley and the San Francisco/San Pablo Bay Area to the south. Land surrounding the District’s service area is largely devoted to agricultural production, including vineyards and livestock. In 2014, the American Lung Association recognized the County as having the best air quality in the United States.

The District’s current service area boundary consists of approximately 3,200 parcels, of which approximately 2,510 are improved and served by the District. As the local area grows and adjacent lands are developed, the District expects to address the possibility of expanding its sphere of influence, which may in turn increase the size of its service area.

## Governance and Management

*General.* The District is governed by a 5-member Board of Directors (the “**Board**”), the members of which are elected at large by the registered voters in the District to staggered 4-year terms. The current Board members, the expiration dates of their terms and their occupations are set forth below.

<i>Board of Directors Member</i>	<i>Expiration of Term</i>	<i>Occupation</i>
Claude Brown, President	December 2026	General Manager – Petroleum Industry
Sean Millerick, Vice President	December 2024	Small Business Owner
Gary Graves, Director	December 2026	Retired Scientist/Laboratory Director
Jim Freeman, Director	December 2024	Retired Marketing Director
Jim Lieberman, Director	December 2024	Retired Automotive Executive

Day-to-day management of the District is delegated to the General Manager, Dennis White. Mr. White has served as the District’s General Manager since 2020. He has been with the District since 2002 and served as the District’s Utility Supervisor prior to his appointment as General Manager. During Mr. White’s tenure with the District, his roles and responsibilities have grown commensurate with knowledge of the industry. Mr. White holds several water/wastewater industry certifications, including Wastewater Level III, Water Treatment II, Water Distribution III and Cross-Connection.

Other key personnel responsible for management of the Water System include the District’s Accounting Supervisor, Water Resources Specialist, Project Manager and Administrative Services Manager.

Trish Wilkinson has been with the District since 2006 and has served as the Accounting Supervisor of the District since 2016. During Ms. Wilkinson’s tenure with the District, her roles and responsibilities have grown commensurate with knowledge of the industry and government fund accounting. She has a certificate in Accounting.

Hannah Davidson has served as the Water Resources Specialist of the District since 2020. In her role, Ms. Davidson is responsible for monitoring and tracking of consumption and sales trends, regulatory compliance and preventative maintenance. She has a Bachelor of Arts Degree in Economics and an Associate Degree of Science in Drinking Water & Wastewater Technology. She also holds a certificate in Drinking Water & Wastewater Technology, and a certificate of Water Distribution II. Ms. Davidson is also continuing her studies towards an Associate Degree in Mathematics.

Alyssa Gordon has served as the Project Manager of the District since 2020 and has been with the District since 2014. Prior to coming to the District, Ms. Gordon served as a Project Manager for the Hidden Valley Lake Association homeowners association, an Information Technology professional and a small business owner. She has Bachelor of Arts degrees in Economics and French from the University of Rochester.

Penny Cuadras has served as the Administrative Services Manager of the District since 2020 and has been with the District since 2016. Before coming to the District, Ms. Cuadras served as an Electronic Health Records Administrator for a private company. Ms. Cuadras is certified in FEMA 102 (Incident Essential Emergency Management Concepts).

**Management Policies.** The District has adopted several policies which are designed to ensure the prudent and effective management of District operations, including a Debt Management Policy, a Reserve Fund Policy and an Investment Policy. Further information about these policies is set forth below.

**Debt Management Policy.** The District has adopted a Debt Management Policy in accordance with California Government Code Section 8855 to establish guidelines and parameters for the effective governance, management and administration of debt issued by the District and its related entities and to ensure compliance with legislation, statutes and laws that place regulations on local agency debt. The following elements have been incorporated into the policy:

- The purposes for which debt may be incurred;
- The types of debt that may be issued;
- The relationship of the debt to, and integration with, the District’s capital improvement program or budget;
- Policy goals related to the District’s planning goals and objectives; and
- Debt management practices, including the investment of proceeds, compliance with continuing disclosure undertakings and other post-issuance compliance matters.

**Reserve Fund Policy.** Under the District’s Reserve Fund Policy, the District will maintain sufficient moneys on reserves to fund its operating expenses, debt service, depreciation expenses and prescribed reserve accounts. Amounts held in the District’s reserve will be adjusted each year based on the District’s operating surplus (or deficit) at the conclusion of each Fiscal Year. The District is committed to maintaining a reserve of cash and/or investments for operations and maintenance, rate stabilization (with a target level of 40%-50% of annual operating revenues), future capital improvements and supplemental funds to be used for unanticipated expenses as described below. Funds are to be used to ensure continued orderly operation of the District’s utility systems, with moneys set aside for unanticipated operations and maintenance expenses, extraordinary operating revenue deficits in lieu of a rate increase, future capital improvements, debt service obligations and to sustain District operations in the event of a disaster/emergency or significant economic downturn.

**Investment Policy.** The District invests its funds in accordance with its Investment Policy, which is reviewed annually and was most recently approved by the Board on June 20, 2023. The Investment Policy: (a) describes the policies and procedures to be utilized in the District’s investment management system; (b) establishes guidelines for the prudent investment of the District’s funds, and (c) lists and describes suitable investments. The goals of the Investment Policy and investment management function are compliance with law, protection of the District’s funds by limiting credit and market risks and providing liquidity for District needs.

In accordance with Section 53600 *et seq.* of the California Government Code, idle cash management and investment transactions are the responsibility of the General Manager. Under the District’s Investment Policy, eligible investments are generally limited to the Local Agency Investment Fund which is operated by the California State Treasurer (“**LAIF**”), United States Treasury bills, notes and bonds, obligations issued by United States Government agencies, FDIC-insured or negotiable certificates of deposit (limited to 30% of the portfolio), banker’s acceptances (limited to 270-day maturities and 40% of the portfolio), commercial paper (limited to

180-day maturities and 15% of the portfolio) and repurchase and reverse repurchase agreements (limited to 20% of the portfolio). Notwithstanding the foregoing, under the current Investment Policy, absent Board direction, all funds are invested with LAIF or in money market funds.

Funds are invested in the following order of priority:

- Safety of Principal;
- Liquidity; and
- Return on Investment.

The Accounting Supervisor provides a monthly report to the Board showing the type of investment, date of maturity, amount invested, current market value, rate of interest and other such information as may be requested by the Board.

Approximately \$2,280,261 (72%) of the District's total investment portfolio as of June 30, 2023 was attributed to the Water Operations Fund. Such amount included \$184,621 in reserves.

## **Employees**

As of June 30, 2023, the District had 13 authorized full-time equivalent employees. None of the District's employees are members of a union and the District has never experienced a strike, slowdown or work stoppage.

## **Budget Process**

The District prepares and adopts a balanced operating budget for each Fiscal Year which includes proposed expenditures and the means of financing such expenditures. The District's budget cycle begins in or about the winter of each year with a review of financial results to date for the then-current Fiscal Year and a discussion of guidelines, assumptions and priorities for the next Fiscal Year. In or about the spring of each year, the budget is compiled and refined. In or about June of each year, the budget is submitted to the Board for review and approval. Prior to June 30 of each year, a public hearing is conducted to obtain public comments and the budget is legally enacted through the passage of a resolution.

The General Manager is authorized to transfer budgeted amounts between line items within a fund and may make such other changes in operating and program budget totals as authorized by the Board in order to meet the District's needs.

The Board adopted the operating budget for Fiscal Year 2024 on June 20, 2023.

## **District Insurance**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District is a member of the Special District Risk Management Authority (the "SDRMA"), a joint powers authority that is comprised of over dozens of California special districts to arrange and administer programs for the pooling of self-insured losses and to purchase excess insurance from commercial insurers. Through the SDRMA, the District maintains the following coverages:

- Liability (general, automobile and professional: \$10,000,000 per occurrence, with a \$25,000 deductible);
- Workers Compensation (statutory limits);

- Property (replacement costs coverage, \$1,000,000,000 pooled limit, with a \$1,000 deductible for scheduled District assets);
- Crime (\$1,000,000 per occurrence).

Certain portions of the Water System, including underground pipelines that are not in the vicinity of the District’s wells, are not covered by the District’s property insurance. In addition, the District does *not* maintain insurance coverage for earthquake damage to Water System facilities. See the caption “CERTAIN RISKS TO BONDHOLDERS—Natural Disasters.”

No assurance can be given as to the adequacy of the insurance maintained now or in the future by the District to fund necessary repairs or replacement of any portion of the Water System, and the District does not have any obligation under the Installment Purchase Agreement to maintain earthquake coverage or other policies in the current coverage amounts. Significant damage to the Water System could affect the District ability to generate sufficient Net Revenues to pay the Series 2023 Installment Payments.

The District has not settled any claims that exceeded its insurance coverage in the past three years.

See Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—COVENANTS OF THE DISTRICT—Insurance” for a description of insurance coverages that are required to be maintained while the Bonds are outstanding.

### **Parity Obligations**

The District has no outstanding obligations that are payable from Net Revenues of the Water System on a senior basis to the Series 2023 Installment Payments.

In 2002, the District entered into the I-Bank Obligation, which is currently outstanding in the principal amount of \$1,263,511 and matures in Fiscal Year 2032, to finance Water System improvements. The I-Bank Obligation bears interest at the rate of 3.48% per annum and is payable in semiannual installments on February 1 and August 1 of each year. The Series 2023 Installment Payments are payable from Net Revenues on a parity with the obligation of the District to make payments under the I-Bank Obligation.

The District is permitted to incur additional obligations that are payable from Net Revenues on a parity with the Series 2023 Installment Payments in the future upon satisfaction of the conditions that are described under the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

### **Financial Statements**

A copy of the most recent audited financial statements of the District prepared by Smith & Newell, Yuba City, California (the “**Auditor**”) is set forth in Appendix A. The Auditor’s letter dated November 22, 2022 is located at the beginning of the Financial Section therein.

The summary operating results that are contained under the caption “WATER SYSTEM FINANCIAL INFORMATION—Historical Operating Results and Debt Service Coverage” are derived from these financial statements and audited financial statements for prior Fiscal Years (excluding certain non-cash items and after certain other adjustments), and are qualified in their entirety by reference to such statements, including the notes thereto.

The District accounts for moneys received and expenses paid in accordance with GAAP. Generally, the District recognizes revenues and expenses on the full accrual basis of accounting, meaning that revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which they are incurred, regardless of when the related cash flows take place. However, in certain cases, GAAP

requires or permits moneys that are collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses that are paid or incurred in one Fiscal Year to be recognized as expenses in a subsequent Fiscal Year. See Note 1.C to the financial statements that are set forth in Appendix A. Except as otherwise expressly noted herein, all financial information that has been derived from the District's audited financial statements reflects the application of GAAP.

The Water Operations Fund of the District has a separate set of self-balancing accounts and is accounted for as a proprietary fund type (enterprise fund) using the economic resources measurement focus. In governmental accounting, enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

### **COVID-19 Outbreak**

The spread of the strains of coronavirus which are collectively called SARS-CoV-2, which cause the disease known as COVID-19 (“**COVID-19**”), and governmental actions in response to COVID-19, impacted the District's operations and finances in recent years. In response to the initial outbreak, the World Health Organization declared a pandemic and, on March 4, 2020, as part of the State of California's (the “**State**”) response to the outbreak, the State Governor declared a state of emergency. On March 13, 2020, the President declared a national emergency, freeing up funding for federal assistance to state and local governments.

The federal government adopted a number of measures to help address the impacts of COVID-19, including the American Rescue Plan Act of 2021, under which the District received a total of \$116,992, which it applied to assigning a quantitative value for loss of productivity, recouping direct COVID-19-related expenditures and recognition of essential services.

The Governor suspended utility service shutoffs and the collection (although not the imposition) of late fees and penalties for residential customers through December 31, 2021. The imposition of late fees (although not yet their collection) resumed on July 1, 2021. As a result of the foregoing actions, the District's accounts receivable balance increased between mid-2020 and late 2021. On February 10, 2022, the District re-instituted its standard collection procedures which were in place prior to the pandemic. See the caption “THE WATER SYSTEM—Water System Collection Procedures.”

The District received approximately \$15,644 on behalf of the Water System in early 2022 under the California Water and Wastewater Arrearage Payment Program, a State program that provided funds to water service providers to cover delinquent water bills during the period between March 4, 2020 and June 15, 2021.

The District reports that Water System revenues and expenses for Fiscal Years 2020 through 2022 were not materially affected by the COVID-19 outbreak. The District's customer base is primarily residential and its water rate structure consists of variable and fixed rate components, which partially mitigates the effect of any reduced water usage by non-residential customers. See the captions “THE WATER SYSTEM—Historical Water System Connections” and “THE WATER SYSTEM—Water System Rates and Charges.” To date, the District has not experienced and does not at this time foresee a future negative impact on Water System operations or the execution of District services as a result of the COVID-19 outbreak.

## THE WATER SYSTEM

### General

The District currently supplies potable water to approximately 2,473 single family residential customers and 37 commercial, governmental and other non-residential customers. All of the District's water connections are metered. Although the District sells small amounts of reclaimed water, the revenues from such sales are part of the District's wastewater enterprise and are not pledged to the repayment of the Series 2023 Installment Payments.

The District's water supply consists of groundwater pumped from three District-owned wells. The District's wells are located in the Coyote Valley Groundwater Basin, an unregulated basin which has been deemed to be a very low priority basin under the Sustainable Groundwater Management Act, a legislative effort to regulate groundwater on a Statewide basis. See the caption "—Water Supply."

The Water System includes the District's three wells, eight water storage tanks, approximately 32 miles of pipelines and associated pumps.

### Water Quality

**General.** The District's sole potable water source is groundwater that is extracted from District-owned wells in the Coyote Valley Groundwater Basin. See the caption "—Water Supply." Water from the Coyote Valley Groundwater Basin is generally of high quality and is subject to minimal disinfection treatment prior to distribution to customers.

The District employs a single method of disinfection known as chlorination, which eliminates water-borne diseases from the water supply. The disinfection process chemically deactivates and physically removes bacteria, viruses and other contaminants.

Flood events after periods of heavy precipitation in 2017 and 2019 led to sewer system overflows that have been rectified. The District's water system and water supplies were unaffected by such events.

**PFAS.** In 2019, the SWRCB's Division of Drinking Water (the "**Division**") lowered the Notification Levels (the "**NLs**") for Perfluorooctanoic acid ("**PFOA**") and Perfluorooctanesulfonic acid ("**PFOS**") to 5.1 and 6.5 parts per trillion ("**PPT**"), respectively. NLs are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. In 2020, the Division lowered the Response Level (the "**RL**") for PFOA and PFOS from 70 PPT, combined, to 10 and 40 PPT, respectively. RLs are non-regulatory, precautionary health-based measures that are set at higher levels than NLs and represent thresholds at which the Division recommends that water systems remove a water source from use or treat it.

PFOA and PFOS are fluorinated organic chemicals which are part of a family of synthetic compounds referred to as per- and polyfluoroalkyl substances ("**PFAS**"). PFAS are water and lipid resistant substances that were previously used in a variety of manufacturing processes and industrial applications. They are often present in water supplies which are impacted by wastewater treatment plant effluent or active or former military installations. The District understands that recent technological advances have enabled water agencies to detect PFAS compounds at very low concentrations.

The District is not required to test its water supplies for PFAS and does not anticipate that implementation of the lowered PFAS RLs by the Division will have a material adverse effect on the operation of the Water System or the costs thereof. The projected operating results which are set forth under the caption "WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage"

do not assume significant increases in water treatment or other Water System operating costs to meet State or federal regulations relating to PFAS.

## **Water Supply**

The District's water supply consists of groundwater pumped from three District-owned wells which have been drilled to an average depth of 243 feet. The District's wells are located in the Coyote Valley Groundwater Basin, an unregulated and unadjudicated basin which has been deemed to be a very low priority basin under Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or "**SGMA**"), which were enacted on September 16, 2014. SGMA constitutes a legislative effort to regulate groundwater on a Statewide basis. As a very low priority basin, the Coyote Valley Groundwater Basin is largely exempt from the provisions of SGMA, including the requirement to develop a groundwater sustainability plan for approval by the State and any restrictions on the amount of water that the District is entitled to pump.

According to a 2004 State of California Department of Water Resources ("**DWR**") report, the Coyote Valley Groundwater Basin, which overlies an area of approximately 10 square miles, has the capacity to retain at least 27,000 acre feet of water, and likely more. A well field capacity test that was completed in 2012 found that "there appears to be sufficient water in the aquifer and interconnections to replenish the extracted groundwater in a short period of time," and "it does not appear that [normal pumping rates] would impose any major decrease in groundwater elevations." The District believes that its water supply is therefore only limited by its pumping capacity, which can be upgraded as needed depending on demand.

The District believes that the Coyote Valley Groundwater Basin is well-managed and contains ample supplies to serve Water System customers in the future. As a result of prudent water stewardship (including using advanced metering infrastructure to identify leaks and offering rebates to customers that install water-efficient appliances) and conservation by District customers, per capita water use within the District declined by approximately one-third between 2000 and 2020.

See the captions "**—Historical Water System Supply**" and "**—Projected Water System Supply**" for historical and projected information with respect to the District's sources of water supply.

## **Drought Declarations**

**State Orders.** On January 17, 2014, the Governor declared a drought state of emergency (the "**Declaration**") with immediate effect. The Declaration included an order encouraging certain large water suppliers (not including the District) to implement local water shortage contingency plans. On April 7, 2017, after significant improvement in water supply conditions across California, the Governor issued Executive Order B-40-17, which rescinded mandatory conservation measures for most California counties (including the County).

In 2018, the California Governor signed Senate Bill 606 and Assembly Bill 1668 into law. These bills relate to urban water conservation and drought planning and do not apply to the District or its service area.

On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. On March 28, 2022, the Governor requested that all water users voluntarily reduce water use by 20%. These declarations encouraged water agencies to draw upon supplies other than surface water and to implement local water shortage contingency plans. Pursuant to these declarations, the SWRCB adopted regulations to prohibit wasteful water use by certain large water suppliers (*not* including the District). The District notes that the State, including the District's service area, experienced significant precipitation in the winter and early spring of 2023.

Because Executive Order B-40-17, Senate Bill 606 or Assembly Bill 1668, were not applicable to small water systems such as the District's Water System, Senate Bill 552 was adopted in 2021. This legislation required small water systems to develop and maintain a water shortage contingency plan that includes specific drought-planning elements. The District adopted its water shortage contingency plan on April 14, 2023. See the subcaption "—Water Shortage Contingency Plan."

The District believes that it has significant water supplies and storage and is well positioned to respond to both drought and regulatory requirements. At this time, the District does not foresee a water supply shortage.

***Water Shortage Contingency Plan.*** The District's water shortage contingency plan (the "WSCP"), which meets State guidelines for such plans, calls for the District to respond to a water shortage in stages as set forth below. The District notes that, since groundwater monitoring efforts commenced, groundwater in the Coyote Valley Groundwater Basin has never dropped to levels that would require a Stage 2 declaration.

- Stage 1 (Warning) is intended to enable customers to prepare for reduced water usage when future dry conditions (i.e., less than 18 inches of precipitation) are experienced or expected. Under Stage 1, the District disseminates educational information and encourages customers to adopt drought-tolerant landscaping and water conservation efforts.

- Stage 2 (Potential) may be imposed by the Board in the event that: (i) the District experiences a minor water supply interruption; (ii) well levels fall below normal or well recharge rates fall below 94%; or (iii) the District experiences or expects less than 18 inches of precipitation. Under Stage 2, the District's Stage 1 efforts are undertaken and customers are further encouraged to use water for health and sanitation only. In addition, Stage 1 of the District's drought rates are enacted. See the caption "—Water System Rates and Charges—Adopted Rates and Charges—Drought Surcharge."

- Stage 3 (Moderate) may be imposed by the Board in the event that: (i) the District experiences a prolonged water supply interruption; (ii) well levels fall below 74% of normal or well recharge rates fall below 90%; or (iii) the District experiences or expects less than 18 inches of precipitation. Under a Stage 3 water supply interruption, the District will mandate that customers use water for health and sanitation only. Under a Stage 3 drought event, the District will launch or continue a water conservation campaign and all landscape irrigation (excluding irrigation for food-producing gardens) and aesthetic water use must be reduced by 25%. In addition, the Board may enact Stage 2 of the District's drought rates. See the caption "—Water System Rates and Charges—Adopted Rates and Charges—Drought Surcharge."

- Stage 4 (Critical) may be imposed by the Board in the event that: (i) the District experiences a severe water supply interruption; (ii) well levels fall below 50% of normal or well recharge rates fall below 75%; or (iii) the District experiences or expects less than 18 inches of precipitation. Under a Stage 4 water supply interruption, the District will mandate that customers use water for health and sanitation only and reduce overall water use by 25%. Under a Stage 4 drought event, the District will launch or continue a water conservation campaign and all landscape irrigation (excluding irrigation for food-producing gardens) and aesthetic water use must be reduced by 50%. In addition, the Board may enact Stage 3 of the District's drought rates. See the caption "—Water System Rates and Charges—Adopted Rates and Charges—Drought Surcharge."

- Stage 5 (Emergency) may be imposed by the Board in the event that: (i) the District experiences a complete water supply interruption or water contamination; (ii) well levels fall below 25% of normal or well recharge rates fall below 60%; or (iii) the District experiences or expects less than 18 inches of precipitation. Under a Stage 5 water supply interruption, the District will mandate provide a backup supply of water (such as bottled water) and restrict water use for health or sanitation only. Under a Stage 5 drought event, the District will launch or continue a water conservation campaign and all outdoor and aesthetic water use will be prohibited. In addition, the Board may enact Stage 4 of the District's drought rates. See the caption "—Water System Rates and Charges—Adopted Rates and Charges—Drought Surcharge."



The District is empowered to enforce the WSCP by terminating water service to repeat violators.

The District has covenanted to set Water System rates and charges in amounts that it expects to be sufficient to pay the Series 2023 Installment Payments from Net Revenues. See the caption “SECURITY FOR THE BONDS—Rate Covenant.” The projected Water System operating results that are set forth under the caption “WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do not reflect implementation of the WSCP in the current or next four Fiscal Years. The District does not currently expect that the implementation of the WSCP in the future will have a material adverse effect on its ability to pay the Series 2023 Installment Payments from Net Revenues. As discussed under the caption “—Water System Rates and Charges,” the District’s rate structure consists of variable and fixed rate components. Decreased water consumption is partially offset by a decrease in related variable costs, while fixed water charges largely cover the Water System’s fixed operating and maintenance costs. In addition, the WSCP empowers the Board to adopt drought rates if required to ensure financial stability.

If a water shortage should arise in the future, legal issues exist as to whether different California Water Code provisions or State regulations will be invoked to manage the allocation of water. Any curtailment pursuant to State orders could necessitate an increase in the District’s water rates. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for a discussion of certain restrictions on the District’s ability to raise water rates.

**Historical Water System Supply**

The following table shows sources of supply for the Water System for the last five Fiscal Years.

**Table 1**  
**Hidden Valley Lake Community Services District**  
**Historical Water Supply in Acre Feet**

<i>Fiscal Year Ended June 30</i>	<i>Water Supply</i>	<i>Percentage Increase/(Decrease)</i>
2019	772	N/A%
2020	745	(3.50)
2021 <sup>(1)</sup>	815	9.40
2022 <sup>(2)</sup>	687	(15.70)
2023 <sup>(3)</sup>	639	(6.99)

<sup>(1)</sup> Increase in water production reflects a dry hydrological year, with a resultant increase in water demand.

<sup>(2)</sup> Decrease reflects return to normal hydrological conditions.

<sup>(3)</sup> Decrease reflects reductions in water use by customers as a result of wet hydrological year.

Source: District.

## Historical Water System Deliveries

The following table shows deliveries to Water System customers for the last five Fiscal Years.

**Table 2**  
**Hidden Valley Lake Community Services District**  
**Historical Water System Deliveries in Acre Feet<sup>(1)</sup>**

<i>Fiscal Year Ended June 30</i>	<i>Residential Customers</i>	<i>Non-Residential Customers</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2019	584	51	635	N/A%
2020 <sup>(2)</sup>	622	62	684	7.72
2021 <sup>(3)</sup>	680	45	726	6.14
2022 <sup>(4)</sup>	565	46	611	(15.84)
2023 <sup>(5)</sup>	518	47	564	(7.69)

<sup>(1)</sup> Differences between water deliveries and water supplies set forth under the caption “—Historical Water System Supply” reflect unaccounted for water, including water losses and inaccuracies in water meter readings.

<sup>(2)</sup> Increase reflects increased residential water usage as residents sheltered in place during the COVID-19 outbreak (as discussed under the caption “THE DISTRICT—COVID-19 Outbreak”).

<sup>(3)</sup> Increase in water production reflects a dry hydrological year, with a resultant increase in water demand.

<sup>(4)</sup> Decrease reflects return to normal hydrological conditions.

<sup>(5)</sup> Decrease reflects reductions in water use by customers as a result of wet hydrological year, as well as increased conservation after rate increase.

Source: District.

Historical water deliveries reflect connections to the Water System as well as water demand, which can be affected by weather conditions, State mandates and other factors.

## Historical Water System Connections

The following table shows the number of connections to the Water System for the last five Fiscal Years.

**Table 3**  
**Hidden Valley Lake Community Services District**  
**Historical Water System Connections**

<i>Connection Type</i>	<i>Fiscal Year 2019</i>	<i>Fiscal Year 2020</i>	<i>Fiscal Year 2021</i>	<i>Fiscal Year 2022</i>	<i>Fiscal Year 2023</i>
Residential	2,444	2,448	2,455	2,472	2,473
Non-Residential	<u>33</u>	<u>33</u>	<u>34</u>	<u>34</u>	<u>37</u>
TOTAL	2,477	2,481	2,489	2,506	2,510
Percentage Increase/(Decrease)	N/A	0.16%	0.32%	0.68%	0.16%

Source: District.

## Historical Water System Sales Revenues

The following table shows the sales revenues of the Water System for the last five Fiscal Years. Connection fees are not included in the below numbers.

**Table 4**  
**Hidden Valley Lake Community Services District**  
**Historical Water System Sales Revenues**

<i>Fiscal Year Ended June 30</i>	<i>Residential Customers</i>	<i>Non-Residential Customers</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2019	\$1,769,518	\$ 95,552	\$1,865,070	N/A%
2020	1,950,547	104,923	2,055,470	10.21
2021	2,359,578	60,617	2,420,195	17.74
2022	2,711,243	100,136	2,811,379	16.16
2023 <sup>(1)</sup>	2,730,248	144,124	2,874,372	2.24

<sup>(1)</sup> Unaudited. Reflects best available estimates.  
Source: District.

Water System sales revenues reflect water deliveries as well as adopted rates and charges. See the captions “—Historical Water System Deliveries” and “—Water System Rates and Charges.”

## Largest Water System Customers

The following table shows the largest Water System customers for the Fiscal Year ended June 30, 2022 (the latest Fiscal Year for which such information is available), as determined by annual payments.

**Table 5**  
**Hidden Valley Lake Community Services District**  
**Ten Largest Water System Customers**

<i>Customer</i>	<i>Customer Type</i>	<i>Annual Payment<sup>(1)</sup></i>	<i>Percentage of Total Water System Sales Revenues<sup>(1)</sup></i>
Hidden Valley Lake Association	Homeowners Association	\$ 114,158 <sup>(2)</sup>	4.06%
Coyote Valley Plaza	Commercial	14,752	0.52
G.R. Hardester, LLC	Commercial	12,609	0.45
Middletown Unified School District	Governmental	5,863	0.21
Private Residence	Residential	3,687	0.13
Private Residence	Residential	3,175	0.11
Private Residence	Residential	2,729	0.10
Private Residence	Residential	2,700	0.10
Private Residence	Residential	2,667	0.09
Private Residence	Residential	<u>2,608</u>	<u>0.09</u>
Total		\$164,947	5.87%

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> This customer has several accounts with the District. The amount shown reflects total Revenues from all of such accounts.  
Source: District.

These customers accounted for approximately 5.87% of total Water System sales revenues and service charges of \$2,811,379 in Fiscal Year 2022.

## Water System Rates and Charges

**General.** The Water System’s rates and charges are set by the Board and are not subject to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The District is, however, required to comply with the notice, hearing and majority protest provisions of Article XIII D of the State Constitution, which is popularly known as Proposition 218, with respect to Water System rates and charges. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES— Proposition 218” for further information with respect to Proposition 218.

The District determines the adequacy of the charge structure for water service in the service area after full consideration of expected operations, maintenance, capital costs and capital repayment obligations of the Water System. The Board sets water rates and charges at a level that it determines is sufficient to pay all Operation and Maintenance Costs of the Water System, to make debt service payments and to maintain appropriate reserves for the Water System.

On December 15, 2020, the Board adopted rates for Fiscal Years 2021 through 2025 (the “**Adopted Rate Plan**”) in accordance with the provisions of Proposition 218. The Adopted Rate Plan included water rate increases of approximately 12% per annum in Fiscal Years 2021 through 2023 and 9% per annum in Fiscal Years 2024 and 2025. There can be no assurance that the Board will not repeal or modify the rates that are set forth in the Adopted Rate Plan in the future or that the District’s ratepayers will not approve an initiative to repeal or modify any increase in water rates and charges approved by the Board.

The projected operating results which are set forth under the caption “WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” assume Water System rate increases in accordance with the Adopted Rate Plan, as well as rate increases of approximately 4% on July 1, 2025, 4% on July 1, 2026 and 4% on July 1, 2027 which have not yet been approved. There can be no assurance that Water System rates will be increased on July 1, 2025, July 1, 2026 or July 1, 2027 as projected herein. In the event that the Board does not adopt such rate increases as currently contemplated, Water System operating results could be materially different from the projections in this Official Statement.

**Adopted Rates and Charges.** The Board’s water rates and charges include: (1) a volumetric rate; (2) a fixed monthly charge; and (3) a drought surcharge.

(1) Volumetric Rates. The District imposes volumetric rates per hundred cubic feet of water (“**HCF**”) used in each monthly billing cycle. Volumetric rates under the Adopted Rate Plan are currently \$4.84 per HCF, rising to \$5.28 per HCF on July 1, 2024.

(2) Fixed Monthly Charge. Fixed monthly water service charges based on water meter size under the Adopted Rate Plan are set forth below.

**Table 6**  
**Hidden Valley Lake Community Services District**  
**Fixed Monthly Water Service Charges**

<i>Meter Size</i>	<i>7/1/2023</i>	<i>7/1/2024</i>
5/8"	\$ 60.78	\$ 66.25
3/4"	60.78	66.25
1"	146.51	159.69
1½"	289.38	315.43
2"	460.83	502.31

Source: District.

(3) Drought Surcharge. In the event that the District activates its WSCP (as discussed under the caption “—Drought Declarations—Water Shortage Contingency Plan”), the Board may elect to impose a drought surcharge in order to ensure the stability of Water System finances as customers conserve water. The surcharges that were adopted under the Adopted Rate Plan are set forth below and would be payable per HCF of water used in addition to the volumetric rates described above. To date, the Board has not imposed any drought surcharges.

**Table 7**  
**Hidden Valley Lake Community Services District**  
**Drought Surcharge per HCF**

<i>Surcharge Level</i>	<i>7/1/2023</i>	<i>7/1/2024</i>
1 (corresponds to Drought Stage 2)	\$ 5.28	\$ 5.75
2 (corresponds to Drought Stage 3)	5.99	6.52
3 (corresponds to Drought Stage 4)	6.90	7.52
4 (corresponds to Drought Stage 5)	8.11	8.84

There can be no assurance that the Board will approve the imposition of drought surcharges in the future during periods of Statewide water shortages. The projected operating results which are set forth under the caption “WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage” do *not* reflect the receipt of additional Revenues from drought surcharges in the current or next four Fiscal Years.

**Connection Fees**. The District charges a connection fee to customers for connecting to the Water System. Current connection fees are set forth below.

**Hidden Valley Lake Community Services District**  
**Connection Fees**

<i>Meter Size</i>	<i>Connection Fee</i>
5/8" and 3/4"	\$ 9,137
1"	22,842
1½"	45,684
2"	73,095

**Comparison to Nearby Service Providers.** The table below sets forth a comparison of the District’s typical monthly water bill for a single family residential user to those of certain nearby water purveyors. Information for agencies other than the District is as of calendar year 2023 where available, while information for the District is as of the date of this Official Statement.

**Table 8  
Hidden Valley Lake Community Services District  
Water Rate Comparison**

<i>Water Service Provider</i>	<i>3/4” Meter Monthly Fixed Rate<sup>(1)</sup></i>	<i>Rate per HCF<sup>(1)</sup></i>	<i>Total Monthly Water Bill<sup>(1)</sup></i>
Golden State Water Company (Clearlake District)	\$68.60	\$9.44	\$114.57
Buckingham Park Water District	83.98	3.63	101.66
<b>Hidden Valley Lake Community Services District</b>	<b>60.78</b>	<b>4.84</b>	<b>84.35</b>
Callayomi County Water District	46.20	4.44	67.82
Kelseyville County Waterworks District #3	36.60	1.06	41.76

<sup>(1)</sup> Based on 4.87 units of water use and ¾” meter size.  
Source: District.

**Water System Collection Procedures**

The District is on a monthly billing cycle for Water System customers. A consolidated bill which includes wastewater charges is sent to customers every month for services rendered in the prior month. All accounts that remain unpaid on the 20th day of each month incur a penalty of 10% of the amount due, and a notice is mailed to the billing address requiring payment within 60 business days. If payment is not received by the 60th business day following the original delivery of an invoice, a 7 business-day notice of shutoff is posted at the billing address. If payment is not received by 9:00 a.m. on the 7th business day following the posting of the shutoff notice, service is shut off and the District attaches a lien to the property. Accounts that have service discontinued are not reconnected without full payment of the bill and all penalties, a reinstatement fee and certain other charges.

As of June 1, 2023, less than 18% of the Water System’s customers were not then current in the payment of their bills, which is consistent with historical averages. The District reports that most customers pay their bills in full, including late charges, prior to shutoff.

See the caption “THE DISTRICT—COVID-19 Outbreak” for a discussion of the suspension of water shutoffs through December 31, 2021. The suspension prevented the District from shutting off delinquent accounts as described in the preceding paragraph. As a result of the foregoing actions, the District’s accounts receivable balance increased between mid-2020 and late 2021. The District resumed service disconnections due to non-payment on February 10, 2022 following standard collections procedures as described above.

**Future Water System Improvements**

The District projects total capital improvements to the Water System of approximately \$15 million during Fiscal Years 2024 through 2028, including:

- (i) the 2023 Project (as discussed under the caption “THE 2023 PROJECT”);
- (ii) Supervisory Control and Data Acquisition system improvements and upgrades; and
- (iii) repairs, refurbishments and replacements of District mainlines.

Such capital improvements are expected to be financed by a combination of the Bonds, Water System reserves and Revenues remaining after the payment of debt service on the I-Bank Obligation and the Installment Purchase Agreement. Other than the Bonds, the District does not expect to enter into additional debt in the current or next four Fiscal Years.

**Projected Water System Supply**

The following table shows the sources of supply for the Water System projected by the District for the current and next four Fiscal Years.

**Table 9  
Hidden Valley Lake Community Services District  
Projected Water Supply in Acre Feet**

<i>Fiscal Year Ending June 30</i>	<i>Water Supply</i>	<i>Percentage Increase/(Decrease)</i>
2024 <sup>(1)</sup>	647	14.72%
2025	649	0.31
2026	652	0.46
2027	654	0.31
2028	655	0.15

<sup>(1)</sup> Projected increase reflects District assumption of historically average precipitation levels.  
Source: District.

**Projected Water System Deliveries**

The following table shows Water System deliveries projected by the District for the current and next four Fiscal Years.

**Table 10  
Hidden Valley Lake Community Services District  
Projected Water System Deliveries in Acre Feet**

<i>Fiscal Year Ending June 30</i>	<i>Residential Customers</i>	<i>Non-Residential Customers</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2024 <sup>(1)</sup>	600	47	647	14.72%
2025	601	48	649	0.31
2026	602	50	652	0.46
2027	603	51	654	0.31
2028	603	52	655	0.15

<sup>(1)</sup> Projected increase reflects District historically average precipitation levels.  
Source: District.

Water System deliveries can be affected by a number of factors, including connections to the Water System, State mandates and weather conditions. See the caption “—Projected Water System Connections” below.

**Projected Water System Connections**

The following table shows the number of retail connections to the Water System projected by the District for the current and next four Fiscal Years.

**Table 11  
Hidden Valley Lake Community Services District  
Projected Water System Connections**

<i>Connection Type</i>	<i>Fiscal Year 2024</i>	<i>Fiscal Year 2025</i>	<i>Fiscal Year 2026</i>	<i>Fiscal Year 2027</i>	<i>Fiscal Year 2028</i>
Residential	2,482	2,488	2,494	2,500	2,506
Non-Residential	<u>38</u>	<u>39</u>	<u>40</u>	<u>41</u>	<u>42</u>
<b>TOTAL</b>	<b>2,520</b>	<b>2,527</b>	<b>2,534</b>	<b>2,541</b>	<b>2,548</b>
Percentage Increase/(Decrease)	0.40%	0.28%	0.28%	0.28%	0.28%

Source: District.

Projected increases in connections reflect expectations of development within the Water System service area.

**Projected Water System Sales Revenues**

The following table shows the sales revenues of the Water System projected by the District for the current and next four Fiscal Years. The projections: (i) are based on the projected water deliveries that are described under the caption “—Projected Water System Deliveries;” and (ii) assume Water System rate increases in accordance with the Adopted Rate Plan, as described under the caption “—Water System Rates and Charges,” as well as rate increases of approximately 4% on July 1, 2025, 4% on July 1, 2026 and 4% on July 1, 2027 which have not yet been adopted. All rate increases are subject to the notice, hearing and protest provisions of Proposition 218, and there can be no assurance that rate increases which are projected to commence on July 1, 2025, July 1, 2026 and July 1, 2027 will be approved as described herein. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218.”

**Table 12  
Hidden Valley Lake Community Services District  
Projected Water System Sales Revenues**

<i>Fiscal Year Ended June 30</i>	<i>Residential Customers</i>	<i>Non-Residential Customers</i>	<i>Total</i>	<i>Percentage Increase/ (Decrease)</i>
2024 <sup>(1)</sup>	\$[2,802,596	\$243,704	\$3,046,300	5.98%
2025	3,061,836	266,247	3,328,083	9.25
2026	3,191,964	277,562	3,469,526	4.25
2027	3,327,623	289,358	3,616,981	4.25
2028	3,469,047	301,656]	3,770,703	4.25

<sup>(1)</sup> Reflects budgeted amount. Projected increase reflects expected resumption of average hydrological conditions.  
Source: District.



## WATER SYSTEM FINANCIAL INFORMATION

### Available Cash

As of June 30, 2023, the Water System had \$2,280,261 in available cash and investments, including reserves and funds that are restricted for capital expenditures.

### Historical Operating Results and Debt Service Coverage

The following table is a summary of operating results of the Water System for the last five Fiscal Years. These results have been derived from the audited financial statements of the District (except for the results for Fiscal Year 2023, which were derived from unaudited actual results) but exclude certain receipts which are not included as Revenues under the Installment Purchase Agreement and certain non-cash items and include certain other adjustments.

**Table 13**  
**Hidden Valley Lake Community Services District**  
**Historical Water System Operating Results and Debt Service Coverage**  
**Fiscal Year Ended June 30**

	2019	2020	2021	2022	2023 <sup>(1)</sup>
<b>Revenues</b>					
Charges for Services <sup>(2)</sup>	\$ 1,865,070	\$ 2,055,470	\$ 2,420,195	\$ 2,811,379	\$ 2,874,372
Miscellaneous <sup>(3)</sup>	43,615	46,137	55,902	48,971	128,093
Interest Income <sup>(3)</sup>	<u>8,782</u>	<u>6,796</u>	<u>2,257</u>	<u>1,164</u>	<u>2,108</u>
<b>Total Revenues</b>	<u>\$ 1,917,467</u>	<u>\$ 2,108,403</u>	<u>\$ 2,478,354</u>	<u>\$ 2,861,514</u>	<u>\$ 3,004,573</u>
<b>Operation and Maintenance Costs</b>					
Salaries and Benefits	\$ 796,097	\$ 955,910	\$ 824,945	\$ 912,447	\$ 959,400
Power <sup>(4)</sup>	137,757	151,060	202,753	176,112	186,181
Professional Services	126,972	145,251	166,954	102,302	147,443
Repair & Replacement	153,122	204,526	176,556	49,583	133,372
Other <sup>(5)</sup>	<u>334,728</u>	<u>283,012</u>	<u>299,548</u>	<u>382,403</u>	<u>333,717</u>
<b>Total Operation and Maintenance Costs</b>	<u>\$ 1,548,676</u>	<u>\$ 1,739,759</u>	<u>\$ 1,670,756</u>	<u>\$ 1,622,847<sup>(6)</sup></u>	<u>\$ 1,760,113</u>
<b>Net Revenues</b>	\$ 368,791	\$ 368,644	\$ 807,598	\$ 1,238,667	\$ 1,244,460
<b>Debt Service</b>					
I-Bank Obligation	<u>\$ 171,374</u>	<u>\$ 171,065</u>	<u>\$ 170,746</u>	<u>\$ 170,416</u>	<u>\$ 170,075</u>
<b>Total Debt Service</b>	<u>\$ 171,374</u>	<u>\$ 171,065</u>	<u>\$ 170,746</u>	<u>\$ 170,416</u>	<u>\$ 170,075</u>
<b>Remaining Net Revenues</b>	\$ 197,417	\$ 197,579	\$ 636,852	\$ 1,068,251	\$ 1,074,385
<b>Debt Service Coverage</b>	2.15x	2.15x	4.73x	7.27x	7.32x

(1) Unaudited. Reflects best available estimates.

(2) Includes revenues from volumetric rates and fixed monthly charges. See the caption "THE WATER SYSTEM—Water System Rates and Charges—Adopted Rates and Charges."

(3) Includes interest income and intergovernmental revenues.

(4) Includes pumping costs.

(5) Includes insurance, equipment, utility, supplies, water rights and other administrative expenses.

(6) Excludes \$154,730 related to Advanced Metering Infrastructure project capital expenditures.

Source: District.

### Projected Operating Results and Debt Service Coverage

Estimated projected operating results for the Water System for the current and next four Fiscal Years, reflecting certain significant assumptions concerning future events and circumstances (including those set forth in the footnotes to the table) are set forth below. All of such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial

results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

**Table 14**  
**Hidden Valley Lake Community Services District**  
**Projected Water System Operating Results and Debt Service Coverage**  
**Fiscal Year Ending June 30**

	2024 <sup>(1)</sup>	2025	2026	2027	2028
<b>Revenues</b>					
Charges for Services <sup>(2)</sup>	\$ 3,046,300	\$ 3,328,083	\$ 3,469,526	\$ 3,616,981	\$ 3,770,703
Miscellaneous <sup>(3)</sup>	102,445	102,445	102,445	102,445	102,445
Interest Income <sup>(4)</sup>	<u>1,816</u>	<u>1,816</u>	<u>1,816</u>	<u>1,816</u>	<u>1,816</u>
<b>Total Revenues</b>	\$ 3,150,561	\$ 3,432,344	\$ 3,573,787	\$ 3,721,242	\$ 3,874,964
<b>Operation and Maintenance Costs<sup>(5)</sup></b>					
Salaries and Benefits	\$ 1,001,773	\$ 1,047,855	\$ 1,096,056	\$ 1,146,474	\$ 1,199,212
Power	220,000	230,120	240,706	251,778	263,360
Professional Services	279,500	292,357	305,805	319,872	334,587
Repair & Replacement	140,000	146,440	153,176	160,222	167,593
Other <sup>(6)</sup>	<u>496,250</u>	<u>519,078</u>	<u>542,955</u>	<u>567,931</u>	<u>594,056</u>
<b>Total Operation and Maintenance Costs</b>	\$ 2,137,523	\$ 2,235,849	\$ 2,338,698	\$ 2,446,278	\$ 2,558,807
<b>Net Revenues</b>	\$ 1,013,038	\$ 1,196,495	\$ 1,235,089	\$ 1,274,964	\$ 1,316,157
<b>Debt Service</b>					
I-Bank Obligation	\$ 169,721	\$ 169,355	\$ 168,976	\$ 168,585	\$ 168,179
2023 Installment Purchase Agreement <sup>§</sup>	<u>52,576</u>	<u>277,363</u>	<u>276,113</u>	<u>274,863</u>	<u>278,613</u>
<b>Total Debt Service*</b>	\$ 222,296	\$ 446,718	\$ 445,089	\$ 443,447	\$ 446,792
<b>Remaining Net Revenues*</b>	\$ 790,742	\$ 749,777	\$ 790,000	\$ 831,516	\$ 869,365
<b>Debt Service Coverage*</b>	4.56x	2.68x	2.77x	2.88x	2.95x

(1) Reflects budgeted amounts with certain adjustments.

(2) Projected increase from Fiscal Year 2023 reflects expected resumption of average hydrological conditions. Includes projected revenues from volumetric rates and fixed monthly charges. Assumes implementation of the Adopted Rate Plan as described under the caption "THE WATER SYSTEM—Water System Rates and Charges—Adopted Rates and Charges" and rate increases of approximately 4% on July 1, 2025, 4% on July 1, 2026 and 4% on July 1, 2027 which have not yet been adopted. All rate increases are subject to the notice, hearing and protest provisions of Proposition 218, and there can be no assurance that rate increases which are projected to commence on July 1, 2025, July 1, 2026 and July 1, 2027 will be approved as described herein. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

(3) Includes interest income and intergovernmental revenues. Projected to remain at Fiscal Year 2024 budgeted amount.

(4) Projected to remain at Fiscal Year 2024 budgeted amount.

(5) All Operation and Maintenance Cost line items are projected to increase by approximately 4.6% per annum, reflecting the average Consumer Price Index increases over the past three years.

(6) Includes insurance, equipment, utility, supplies, water rights and other administrative expenses. Projected to increase by approximately 4.6% per annum. See Footnote (5).

Source: District.

## Employee Benefits

**Pension Obligations.** Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by GASB Statement No. 68 ("GASB 68"), which includes the following elements: (i) unfunded pension liabilities are included on the employer's balance sheet; (ii) pension expense incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer's actual contribution amounts; and (iii) the difference between expected and actual investment returns

§ Preliminary; subject to change.

will be recognized over a closed five-year smoothing period. GASB 68 affects the District’s accounting and reporting requirements, but it does not change the District’s pension plan funding obligations.

The District’s participates in a Miscellaneous Plan to fund pension benefits for employees that serve the Water System. The District’s pension plan is part of a multi-agency pool and is administered by the California Public Employees’ Retirement System (“CalPERS”), which administers agent multiple-employer public employee defined benefit pension plans for District employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the District. CalPERS plan benefit provisions and all other requirements are established by State statute and the Board.

District employees are subject to different benefit levels based on their hire date. Benefit provisions as of July 1, 2023 for District employees are set forth below.

**Table 15**  
**Hidden Valley Lake Community Services District**  
**CalPERS Pension Plan – Summary of Benefit Provisions**

	<i>Employees Hired Before January 1, 2013</i>	<i>Employees Hired On or After January 1, 2013 (Not Prior CalPERS Members)</i>
Benefit Formula	2.5% @ age 55	2.0% @ age 62
Benefit Vesting	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Minimum Retirement Age	50	52
Monthly Benefits as % of Eligible Compensation	1.426% - 2.418%	1.0% - 2.5%
Employee Normal Cost	8.0% <sup>(1)</sup>	7.75% <sup>(1)</sup>
Employer Normal Cost Rate	14.06%	7.68%

<sup>(1)</sup> Employees are required to make the full employee contribution themselves. The District does not make any portion of the employee contribution.

Source: District.

Contributions to the District pension plan consist of: (a) contributions from plan participants (i.e., employees); and (b) contributions by the District.

District employees who were hired on or after January 1, 2013 are subject to the California Public Employees’ Pension Reform Act of 2013 (“AB 340”), which was signed into law in 2012. Benefits for participants who are subject to AB 340 are calculated on the highest average annual compensation over a consecutive 36-month period. Employees must pay at least 50% of the total normal cost rate and pensionable income is capped as noted below. In addition, retroactive benefits increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

**Table 16**  
**Hidden Valley Lake Community Services District**  
**Pensionable Income Caps for Calendar Year 2023 (AB 340 and Non-AB 340 Employees)**

	<i>Employees Hired Before January 1, 2013 (Non-AB 340 Employees)</i>	<i>Employees Hired On or After January 1, 2013 (AB 340 Employees)</i>
Maximum Pensionable Income	\$330,000	\$175,250
Maximum Pensionable Income if also Participating in Social Security	N/A	146,042

Source: District.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of AB 340 are expected to reduce the District's unfunded pension liability and potentially reduce District contribution levels in the long term.

The District is also required to contribute the actuarially determined remaining amounts necessary to fund benefits for its members. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. The total minimum required employer contribution is the sum of: (i) the plan's employer normal cost rate, which funds pension benefits for current employees for the upcoming Fiscal Year (expressed as a percentage of payroll); plus (ii) the employer unfunded accrued liability contribution amount, which funds pension benefits that were previously earned by current and former employees (billed monthly).

For Fiscal Years 2022 and 2023, the required employer normal cost rates as a percentage of payroll were: (i) 12.20% and 12.21%, respectively, for non-AB 340 employees; and (ii) 7.59% and 7.47%, respectively, for AB 340 employees. For Fiscal Year 2024, the required employer normal cost rate as a percentage of payroll is 14.06% for non-AB 340 employees and 7.68% for AB 340 employees.

For Fiscal Years 2022 and 2023, the total required employer payment of the unfunded accrued liability for the District's pension plan was \$129,184 and \$122,972, respectively, of which \$64,592 and \$61,486, respectively, was allocable to the Water System. For Fiscal Year 2024, the total required employer payment of the unfunded accrued liability for the District's pension plan is \$127,084, of which \$63,542 is allocable to the Water System.

The District's required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component that is equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the District's required contributions to CalPERS in future years. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS earnings reports for Fiscal Years 2012 through 2022 report investment gains (and losses) of approximately 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3% and (6.1%), respectively. The preliminary earnings report for Fiscal Year 2023 reflects investment gains of approximately 5.8%. Future earnings performance may increase or decrease future contribution rates for plan participants, including the District.

CalPERS' discount rate was lowered from 7.00% to 6.80% in fall 2021. Lowering the discount rate means that employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 who were not previously CalPERS members will also see their contribution rates rise under AB 340.

Portions of the above disclosures are primarily derived from information that has been produced by CalPERS, its independent accountants and its actuaries. The District has not independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on CalPERS' Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information that concerns benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The District, the Authority and the Underwriter cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

The District's pension plan had a total net pension liability of \$817,874 for Fiscal Year 2023 (as of the measurement date of June 30, 2022), of which approximately \$408,937 was attributable to the Water System. The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The District's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts. For Fiscal Years 2022 and 2023, the District incurred pension plan pension expenses of \$202,277 and \$168,468, respectively.

A summary of principal assumptions and methods used to determine the total pension liability for the District's pension plan for Fiscal Year 2023 (as of the measurement date of June 30, 2022) is shown below.

**Table 17**  
**Hidden Valley Lake Community Services District**  
**Actuarial Assumptions for CalPERS Pension Plan**

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
<i>Actuarial Assumptions:</i>	
Discount Rate	6.80%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.15% net of pension plan investment and administrative expenses; includes projected inflation rate of 2.50%
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' membership data for all funds

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data from a 2017 actuarial experience study for the period from 1997-2015.

Source: District.

The recent funding history of the District’s pension plan is as follows:

**Table 18**  
**Hidden Valley Lake Community Services District**  
**CalPERS Pension Plan Funding History**

<i>Valuation Date</i>	<i>Accrued Liability</i>	<i>Market Value of Assets<sup>(1)</sup></i>	<i>Unfunded Accrued Liability</i>	<i>Funded Ratio<sup>(3)</sup></i>	<i>Annual Covered Payroll</i>
06/30/2018	\$5,865,636	\$4,320,521	\$1,545,115	73.7%	\$800,581
06/30/2019	6,317,029	4,723,261	1,593,768	74.8	857,502
06/30/2020	6,672,068	4,960,540	1,711,528	74.3	677,927
06/30/2021	7,262,333	6,170,991	1,091,342	85.0	896,855
06/30/2022	7,757,382	5,695,369	2,062,013	73.4	961,227

<sup>(1)</sup> Reflects District’s share of market value of assets in multi-agency pool in which District participates.

<sup>(2)</sup> Calculated by subtracting the Market Value of Assets from the Accrued Liability.

<sup>(3)</sup> Calculated by dividing the Market Value of Assets by the Accrued Liability.

Source: District.

The table below presents the unfunded accrued liability of the District’s pension plan, calculated using the discount rate applicable to Fiscal Year 2024 (6.80%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the Fiscal Year 2024 rate:

**Table 19**  
**Hidden Valley Lake Community Services District**  
**Sensitivity of CalPERS Pension Plan Unfunded Accrued Liability to Changes in the Discount Rate**

	<i>Discount Rate – 1% (5.80%)</i>	<i>Applicable Discount Rate (6.80%)</i>	<i>Discount Rate + 1% (7.80%)</i>
<i>Unfunded Accrued Liability/(Asset)</i>	\$3,155,986	\$2,062,013	\$1,166,836

Source: District.

For additional information relating to the District’s pension plan, see Note 8 to the District’s audited financial statements set forth in Appendix A.

**Other Post-Employment Benefits.** The District, through an agent single-employer defined benefit plan that is administered by the SDRMA, provides certain post-employment benefits other than pensions (“**OPEB**”) to retired employees. Specifically, the District provides health insurance for its retired employees and, for employees hired prior to November 15, 2022, their spouses or other dependents (while the retiree is living), in accordance with Board resolutions. Medical coverage is provided for retired employees who are age 55 or over and have a minimum of 5 years of service with the District if hired prior to November 15, 2022, or a minimum of 15 years of service if hired on or after November 15, 2022. The District pays 50% of the premium for the retiree and eligible spouses, with the retired employee covering the cost of any additional premium for selected dependents other than spouses. The District’s OPEB plan does not provide a publicly available financial report.

The contribution requirements of OPEB plan members and the District are established and may be amended by the Board. Currently, contributions are not required from plan members. Prior to Fiscal Year 2023, the District funded its OPEB obligations on a pay-as-you-go basis. In November 2022, the District established a trust fund (the “**OPEB Trust**”) under Section 115 of the Internal Revenue Code to fund future OPEB obligations for employees hired on or after November 15, 2022. The District’s total assets to pay OPEB include funds held in the OPEB Trust, which is held by CalPERS.

The OPEB Trust holds the funding contributions from the District pending future remittance to the SDRMA, which will pay all retiree benefit payments to employees hired after November 15, 2022 who participate in the District’s OPEB plan. Future contributions will be transferred to the SDRMA at the District’s discretion. The funds held in the OPEB Trust are legally protected from the claims of the general creditors of the District and may not be used for any purpose other than funding OPEB. Contributions to the OPEB Trust and earnings on those contributions are irrevocable. In Fiscal Year 2023, the District made a contribution of \$25,000 to the OPEB Trust. The District has budgeted \$25,000 to contribute to the OPEB trust fund in Fiscal Year 2024, including a Water System contribution of \$12,500.

Governmental Accounting Standards Board Statement No. 75 (“**GASB 75**”) requires governmental agencies to account for and report the outstanding obligations and commitments related to OPEB in essentially the same manner as for pensions. While requiring the District to disclose the unfunded actuarial accrued liability and the Actuarially Determined Contribution (the actuarial value of benefits earned during a Fiscal Year plus costs to amortize the unfunded actuarial accrued liability, or “**OPEB ADC**”) in its financial statements, GASB 75 does not require the District to fund such OPEB ADC. The OPEB ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB plan, and the net OPEB obligation for the last five Fiscal Years are set forth below. Approximately 50% of the net OPEB obligation is attributable to the Water System as of June 30, 2023.

**Table 20**  
**Hidden Valley Lake Community Services District**  
**Net OPEB Obligation**

<i>Fiscal Year Ended June 30</i>	<i>Annual OPEB Costs</i>	<i>Percentage of Annual OPEB Costs Contributed</i>	<i>Net OPEB Obligation (Asset)</i>
2019	\$182,882	100%	\$1,310,799
2020	207,489	100	1,600,339
2021	173,141	100	1,284,608
2022	126,006	100	1,563,574
2023	86,201	100	1,131,152 <sup>(1)</sup>

<sup>(1)</sup> Does not reflect amounts held in the OPEB Trust, which was established in November 2022.  
Source: District.

As of June 30, 2023, the District’s OPEB plan was 0% funded, not including the District’s \$25,000 contribution to the OPEB Trust, which will be reflected in the OPEB plan’s funding status beginning in Fiscal Year 2024. The actuarial accrued liability for benefits was \$1,131,152 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (the “**OPEB UAL**”) of \$1,131,152. The covered payroll (annual payroll of active employees covered by the plan) was \$1,027,052 and the ratio of the OPEB UAL to the covered payroll was 110.14%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement and mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress set forth below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Table 21**  
**Hidden Valley Lake Community Services District**  
**OPEB Plan – Schedule of Funding Progress<sup>(1)</sup>**

<i>Valuation Date</i>	<i>Actuarial Accrued Liability (a)</i>	<i>Actuarial Value of Assets (b)</i>	<i>OPEB UAL (a) – (b)</i>	<i>Funded Ratio (b) / (a)</i>	<i>Annual Covered Payroll</i>	<i>OPEB UAL as Percentage of Annual Covered Payroll</i>
June 30, 2018	\$1,159,659	\$0	\$1,159,659	0%	\$ 770,191	150.57%
June 30, 2020	1,600,339	0	1,600,339	0	915,742	174.76
June 30, 2022	1,563,574	0	1,563,574	0	937,333	166.81
June 30, 2023	1,131,152	0	1,131,152	0	1,027,052	110.14

<sup>(1)</sup> Does not reflect amounts held in the OPEB Trust, which was established in November 2022.  
Source: District.

Changes in the net liability for the District’s OPEB plan were as follows.

**Table 22**  
**Hidden Valley Lake Community Services District**  
**Changes in OPEB Plan Liability<sup>(1)</sup>**

	<i>Increase / (Decrease)</i>		
	<i>Total OPEB Plan Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Plan Liability / (Asset)</i>
Balance at June 30, 2022	\$1,284,609	\$0	\$1,284,609
Balance at June 30, 2023	<u>1,131,152</u>	<u>0</u>	<u>1,131,152</u>
Net Changes for period from July 1, 2022 through June 30, 2023	\$ (153,457)	\$0	\$ (153,457)

<sup>(1)</sup> Does not reflect amounts held in the OPEB Trust, which was established in November 2022. Such amounts will be reflected in the District’s OPEB plan fiduciary net position beginning in Fiscal Year 2024.  
Source: District.

The following table presents the net liability of the District’s OPEB plan, calculated using the discount rate applicable to Fiscal Year 2023 (3.69%), as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.69%) or 1 percentage point higher (4.69%) than the Fiscal Year 2021 rate:

**Table 23**  
**Hidden Valley Lake Community Services District**  
**Sensitivity of the OPEB Plan Net Liability to Changes in the Discount Rate**

	<i>Discount Rate – 1% (2.69%)</i>	<i>Applicable Discount Rate (3.69%)</i>	<i>Discount Rate + 1% (4.69%)</i>
Plan’s Net Liability/(Asset)	\$1,331,623	\$1,131,152	\$970,883

Source: District.



The District's projections of Operation and Maintenance Costs shown under the caption "—Projected Operating Results and Debt Service Coverage" do not assume further unusual increases in OPEB funding expenses. However, future changes in OPEB funding policies and assumptions, including those related to assumed rates of investment return and inflation, could trigger increases in the District's annual required contributions, and such increases could be material to the finances of the Water System. No assurance can be provided that such expenses will not increase significantly in the future. The District does not expect that any increased funding of OPEB will have a material adverse effect on the ability of the District to make the Series 2023 Installment Payments.

For additional information relating to the District's OPEB plan, see Note 9 to the District's audited financial statements set forth in Appendix A.

## **CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES**

### **Article XIII B**

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority, special district or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations that are subject to Article XIII B generally include the proceeds of taxes levied by or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent that such proceeds exceed the cost reasonably borne by the entity in providing the service or regulation); and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts that are permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness that were existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters, and payments that are required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

The District is of the opinion that its charges for Water Service do not exceed the costs that it reasonably bears in providing such service and therefore are not subject to the limits of Article XIII B. See the caption "SECURITY FOR THE BONDS—Rate Covenant" for a description of the District's covenant to set rates and charges for the Water Service.

### **Proposition 218**

*General.* An initiative measure entitled the "Right to Vote on Taxes Act" (the "**Initiative**") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Articles XIII C and XIII D to the State Constitution. According to the "Title and Summary" of the Initiative prepared by the State Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

**Article XIII D.** Article XIII D defines the terms “fee” and “charge” to mean “any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency which imposes or increases any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, because fees for water service are a “fee” or “charge” as defined in Article XIII D, the local government’s ability to increase such fees or charges may be limited by a majority protest.

In addition, Article XIII D includes a number of limitations that are applicable to existing fees and charges, including provisions to the effect that: (a) revenues that are derived from the fee or charge may not exceed the funds which are required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge that is imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; and (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIII D did not apply to charges for water and wastewater services that are “primarily based on the amount consumed” (i.e., metered water or wastewater rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The State Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the “**Bighorn Case**”), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The State Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The District complies with the notice, hearing and protest procedures in Article XIII D, as further explained by the State Supreme Court in the *Bighorn Case*, with respect to water rate increases.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (the “**SJC Case**”) upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage, including the capital costs of improvements to provide additional increments of water. The opinion included a finding that the District of San Juan Capistrano did not make any attempt to calculate the actual costs of providing water at various tier levels. The District’s current water rate structure does not include tiered rates based on usage. The District has reviewed the *SJC Case* decision and does not expect the decision to affect its rate structure. The District believes that its current water rates comply with the requirements of Proposition 218 because they are tied to the cost of service and capital improvements, and expects that any future water rate increases will comply with Proposition 218’s procedural and substantive requirements to the extent applicable thereto.

**Article XIII C.** Article XIII C provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIII C does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIII D referred to above are applicable to Article XIII C. Moreover, the provisions of Article XIII C are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996.

On July 24, 2006, the State Supreme Court held in the *Bighorn* Case that the provisions of Article XIII C applied to rates and fees charged for domestic water use. In the decision, the State Supreme Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (2020) 9 Cal. 5th 1105, holding that taxpayers do not have the right under Proposition 218 to challenge water rates by referendum, and the District does not believe that Article XIII C grants to the voters within the District the power (whether by initiative under Article XIII C or otherwise, or by referendum, which is not authorized under Article XIII C) to repeal or reduce rates and charges for the Water Service in a manner that would interfere with the contractual obligations of the District or the obligation of the District to maintain and operate the Water System. However, there can be no assurance as to the availability of particular remedies adequate to protect the Beneficial Owners of the Bonds. Remedies that are available to Beneficial Owners of the Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain. So long as the Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Bonds and the rights and remedies of the Bond Owners will be exercised through the procedures of DTC.

### **Proposition 26**

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 applies to charges imposed or increased after November 2, 2010 and provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The District believes that its water rates and charges meet the exception that is described in clause (g) above and are not taxes under Proposition 26.

### **Future Initiatives**

Articles XIII B, XIII C and XIII D and Proposition 26 were adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiatives could be proposed and adopted affecting the District’s revenues or ability to increase revenues. See the caption “CERTAIN RISKS TO BONDHOLDERS—Initiative Measure Relating to Water Revenues.”

### **CERTAIN RISKS TO BONDHOLDERS**

*The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the Bonds. In addition, the order in which the following*

*information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the Bonds.*

### **Limited Obligations**

The obligation of the District to pay the Series 2023 Installment Payments is a limited obligation of the District and is not secured by a legal or equitable pledge or charge or lien upon any property of the District or any of its income or receipts, except Revenues of the Water System. The obligation of the District to pay the Series 2023 Installment Payments does not constitute an obligation of the District to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

### **Accuracy of Assumptions**

To estimate the Net Revenues available to pay the Series 2023 Installment Payments, the District has made certain assumptions with regard to various matters, including but not limited to future development within the District and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Water System and the interest rate at which funds will be invested. The District believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the Series 2023 Installment Payments will, in all likelihood, be less than those projected herein. The District may choose, however, to maintain compliance with the rate covenant that is set forth in the Indenture in part by means of contributions from the Rate Stabilization Fund or other available reserves or resources. In such event, Net Revenues may generate amounts which are less than 110% of Debt Service in any given Fiscal Year. See the captions “SECURITY FOR THE BONDS—Rate Covenant,” “SECURITY FOR THE BONDS—Rate Stabilization Fund” and “WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage.”

### **Water System Demand**

There can be no assurance that the demand for Water Service will occur as described in this Official Statement. A decrease in demand could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE BONDS—Rate Covenant.” Demand for Water Service could be reduced or may not occur as projected by the District as a result of reduced levels of development in the District’s service area, hydrological conditions, an economic downturn, voluntary conservation efforts, natural disasters or mandatory State conservation orders in response to drought conditions and other factors.

### **System Expenses**

There can be no assurance that the District’s expenses will be consistent with the descriptions in this Official Statement. Operation and Maintenance Costs may vary with labor costs (including costs related to pension liabilities and the costs of retaining qualified personnel with the proper certifications to operate Water System facilities), water treatment costs, energy costs, regulatory compliance costs, drought restrictions and other factors.

Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. See the caption “SECURITY FOR THE BONDS—Rate Covenant.” Rate increases are subject to the provisions of Proposition 218 and there can be no assurance that the District will be able to increase rates as needed to address increases in Water System expenses. See the caption “—Rate-Setting Process under Proposition 218.”

### **Limited Recourse on Default**

If the District defaults on its obligation to pay the Series 2023 Installment Payments, the Trustee, as assignee of the Authority, has the right to declare the total unpaid principal amount of the Series 2023 Installment Payments, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the District will have sufficient funds to pay such accelerated amounts from Net Revenues.

### **Rate-Setting Process under Proposition 218**

Proposition 218, which added Articles XIII C and XIII D to the State Constitution, affects the District's ability to maintain existing Water System rates and impose rate increases, and no assurance can be given that future proposals to increase Water System rates will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed Water System rate increases cannot be imposed as a result of majority protest or initiative, the District might thereafter be unable to generate Net Revenues in the amounts required by the Installment Purchase Agreement to pay the Series 2023 Installment Payments. The District believes that its current Water System rates approved by the Board were effected in accordance with the public hearing and majority protest provisions of Proposition 218. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

### **Statutory and Regulatory Compliance**

Laws and regulations governing treatment and delivery of water are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the Water System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Water System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for municipal water systems such as that operated by the District may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the District. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the District to generate Net Revenues in amounts that are sufficient to pay the Bonds.

### **Natural Disasters**

The occurrence of any natural disaster in the District's service area, including, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, could have an adverse material impact on the economy within the County and the revenues available for the payment of the Bonds and result in substantial damage to and interference with the operations of the Water System.

The Hidden Valley Lake residential subdivision has been designated by the Office of the State Fire Marshal as a Very High Fire Hazard Severity Zone, and other portions of the District's service area are designated as High or Moderate Fire Hazard Severity Zones.

In recent years, the County and portions of the District's service area have experienced large wildfires, including the Valley Fire in 2015, which burned 73 homes in the Hidden Valley Lake community, and significant flooding events that have impacted homes and other property. Fire risks are believed to be especially acute in areas of wildland-urban interface (zones of transition between unoccupied land and human development) and mountainous or hilly terrain such as the District's service area. Certain fires in northern California have burned thousands of acres and destroyed hundreds or thousands of homes. In some instances entire neighborhoods have

been destroyed. Several fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events.

There is a risk of residential property within the District being destroyed by wildfires, and no assurance can be given as to the severity or frequency of wildfires in or in the vicinity of the District's service area. There may also be a risk that homeowners may not be able to obtain casualty loss insurance from commercial carriers and may need to obtain insurance from the California Insurance Pool Authority. See the caption "—Availability of Property and Casualty Insurance" below.

Moreover, significant earthquake faults are located near the District's service area, including the Maacama, Konocti, Collayomi and Hunting Creek faults in the County and the West Napa Fault, which suffered a magnitude 6.0 earthquake in 2014, in neighboring Napa County. Unmapped faults could also exist. Seismic activity can also cause liquefaction, a process by which land takes on the properties of a fluid, which can exacerbate threats to persons and property.

The Installment Purchase Agreement does not require the District to maintain earthquake insurance and the District currently does not maintain such insurance. The District maintains liability insurance for the Water System and property casualty insurance (for losses other than from seismic events) for certain portions of the Water System. See the caption "THE DISTRICT—District Insurance." However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers. Furthermore, significant portions of the Water System, including underground pipelines, are not covered by property casualty insurance. Damage to such portions of the Water System as a result of natural disasters could result in uninsured losses to the District.

### **Limitations on Remedies**

The ability of the District to comply with its covenants under the Installment Purchase Agreement and to generate Net Revenues in amounts that are sufficient to pay the Series 2023 Installment Payments may be adversely affected by actions and events that are outside of the control of the District and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218." Furthermore, the remedies that are available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

In addition, usual equity principles may limit the specific enforcement under State law of certain remedies, as may the exercise by the United States of America of the powers delegated to it by the federal Constitution and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium proceedings and other laws relating to or affecting creditors' rights, or the exercise of powers by the federal or State government, if initiated, could subject the Beneficial Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited because the Water System serves an essential public purpose.

The opinion to be delivered by Bond Counsel concurrently with the issuance of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See Appendix C. In the event that the District fails to comply with its covenants under the Installment Purchase Agreement or fails to pay the Series 2023 Installment Payments, which secure the payments of principal of and interest on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

## **Loss of Tax Exemption**

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Authority and the District have covenanted in the Indenture and the Installment Purchase Agreement, respectively, to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and not to take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds thereunder. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Bonds as a result of acts or omissions of the Authority or the District in violation of this or other covenants in the Indenture or the Installment Purchase Agreement. The Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture. See the caption “TAX MATTERS.”

## **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

## **Parity Obligations**

The Installment Purchase Agreement permits the District to enter into Parity Bonds and Contracts payable from Net Revenues on a parity with the Series 2023 Installment Payments, which secure the Bonds, and the payments under the I-Bank Obligation, subject to the terms and conditions set forth therein. The entry into of Parity Bonds and Contracts could result in reduced Net Revenues available to pay the Series 2023 Installment Payments. The District has covenanted to maintain coverage of at least 110% of Debt Service, as further described under the caption “SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts.”

## **Climate Change**

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as droughts, wildfires, high winds, periods of intense rainfall and associated floods and heat waves. The future fiscal impact of climate change on the District is difficult to predict, but it could be significant and it could have a material adverse effect on the Water System’s finances by requiring greater expenditures to counteract the effects of climate change, by changing the business and activities of Water System customers or by increasing the cost or decreasing the availability of water supplies. See the captions “—System Expenses” and “THE WATER SYSTEM—Drought Declarations.”

In 2020, the District prepared a Local Hazard Mitigation Plan (the “LHMP”) which: (i) identified natural disasters and other threats to persons and property within the District; and (ii) developed means of mitigating and preparing for such threats. Threats associated with climate change are included in the LHMP, which assesses the likelihood that climate change will aggravate the severity and increase the frequency and duration of natural disasters such as droughts, heat waves, wildfires, landslides and floods. A total of 23 mitigation and adaption strategies are discussed in the LHMP, five of which are directly addressed by elements of the 2023 Project, as discussed under the caption “THE 2023 PROJECT.”

Pursuant to a recommendation in the LHMP, the District is currently developing a Climate Action Plan which will measure the District's greenhouse gas emissions, establish reduction targets and address impacts on the District's service area that are expected to occur in the future as a result of climate change. There can be no assurance as to the substance of the final Climate Action Plan, as or to the timing of the adoption thereof by the Board.

### **Cyber Security**

The District relies on computers and technology to conduct its operations. The District faces cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. Recently, there have been significant cyber security incidents affecting municipal agencies, including ransomware attack targeting Los Angeles Unified School District and the San Bernardino County Sheriff's Office, a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers, an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal and an attack on a water treatment facility in Oldsmar, Florida.

The District employs a multi-level cyber protection scheme that includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection, intrusion detection, log monitoring and other security measures. The District contracts with third party vendors to perform external audits of its network and to perform similar internal audits. The District also contracts with third party vendors to monitor and augment internal and external monitoring of the District computer systems. The District's network employs firewalls to inspect, categorize and accept or reject traffic between its internal and external virtual local area networks and networks. The District also contracts with a third party vendor for cybersecurity training for all staff as well as conducting regular simulated phishing campaigns. The District is scheduled to undertake a significant upgrade to its Supervisory Control and Data Acquisition system in or about 2026 that it expects to bolster the Water System's cyber security. See the caption "THE WATER SYSTEM—Future Water System Improvements."

In 2018, the District experienced a ransomware attack on the file and print server at the District's administrative headquarters. Operating functions of the Water System were unaffected. The District did not pay a ransom and was able to restore all lost data from regularly scheduled off-site backups. Since 2018, the District has not experienced a successful attack against its network or servers. However, there can be no assurance that a future attack or attempted attack would not result in disruption of Water System operations. The District expects that any such disruptions would be temporary in nature due to its backup/restore procedures and disaster recovery planning.

### **Rate Covenant Not a Guarantee**

The Series 2023 Installment Payments, which secure the Bonds, are payable from Net Revenues of the Water System. See the caption "SECURITY FOR THE BONDS." The District's ability to pay the Series 2023 Installment Payments depends on its ability to generate Net Revenues at the levels required by the Installment Purchase Agreement. Although the District has covenanted in the Installment Purchase Agreement to impose rates and charges as more particularly described under the caption "SECURITY FOR THE BONDS—Rate Covenant," and although the District expects that sufficient Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Revenues in amounts that are sufficient to pay the Series 2023 Installment Payments. Among other matters, the availability of and demand for water and changes in law and government regulations could adversely affect the amount of Revenues realized by the District. The failure to generate sufficient Revenues to pay the Series 2023 Installment Payments does not constitute a default or Event of Default under the Installment Purchase Agreement or the Indenture, provided that the District has set rates and charges at levels that it reasonably expects will generate sufficient Revenues at the beginning of each Fiscal Year.



## Initiative Measure Relating to Water Revenues

On February 1, 2023, the California Secretary of State announced that a ballot initiative, designated as Initiative 1935 and known as the “Taxpayer Protection and Government Accountability Act,” had received the required number of signatures to appear on the November 5, 2024 ballot.

If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIII A, XIII C and XIII D of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.” The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

Among other things:

- Initiative 1935 would amend Article XIII C to state that every levy, charge or exaction of any kind imposed by local law is either a “tax” or an “exempt charge,” and would amend the definition of “tax” added to Article XIII C by Proposition 26 to state that “every levy, charge, or exaction of any kind imposed by a local law that is not an exempt charge” constitutes a tax. Initiative 1935 narrows the definition of “exempt charge” to mean a “reasonable charge for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the *actual costs* [as opposed to the reasonable costs] of providing the service or product to the payor.” “Exempt charges” also encompass existing exceptions from the definition of “tax” added to Article XIII C by Proposition 26. “Actual costs” is defined in Initiative 1935 to mean “the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor ... where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing “actual cost” the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.” Initiative 1935 would retain an exemption from the definition of “tax” for assessments, fees or charges which are subject to Article XIII D.

- Initiative 1935 would amend Article XIII C to state that only the governing body of a local government, or an elector acting pursuant to the initiative power, has the authority to impose an exempt charge, and that exempt charges must be imposed by an ordinance specifying the type of exempt charge and the amount or rate of the exempt charge to be imposed, and passed by the governing body, other than for certain exempt charges imposed for a specific health care service. In addition, Initiative 1935 would amend Article XIII C to prohibit any amendment to a municipal charter which provides for the imposition, extension or increase of a tax or exempt charge from being submitted to or approved by the electors.

- Initiative 1935 would amend Article XIII C to require the title, summary and ballot label or questions for a measure providing for the imposition of a tax to include: (a) the type and amount or rate of the tax; (b) the duration of the tax; and (c) the proposed use of the revenue derived from the tax; and (d) if the proposed tax is a general tax, the phrase “for general government use.” In addition, no advisory measure may appear on the same ballot that would indicate that the revenue from the general tax will, could or should be used for specific purposes.

- Initiative 1935 would amend Article XIII C to require that any special tax, whether proposed by the governing body or by an elector, be approved by a two-thirds vote of the electorate.

- Initiative 1935 would amend Article XIII C to state that the local government bears the burden of proving by *clear and convincing evidence* (as opposed to a preponderance of the evidence) that: (a) a levy, charge or exaction is an exempt charge and not a tax; and (b) the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor.

- Initiative 1935 would amend Article XIII C to state that any tax or exempt charge adopted after January 1, 2022, but prior to the effective date of Initiative 1935, which was not adopted in compliance with the requirements thereof is void 12 months after the effective date of Initiative 1935, if adopted, unless the tax or exempt charge is reenacted in compliance with the provisions of Initiative 1935.

The District cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the District cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State or the District.

### **Availability of Property and Casualty Insurance**

In recent months, several insurance companies have announced that they would cease accepting certain new applications in California, including all business and personal lines property and casualty insurance. Any adverse impact to the availability of homeowner's insurance on homeowners in the District cannot be predicted, but it is possible that homeowner's insurance may not be readily available to homeowners within the District in the future, which may impact the willingness of the District's customers to continue residing within the District's service area. The District can provide no assurances whether future changes in insurance markets may occur, and what impact, if any, these changes may have on District finances. The District has covenanted to set rates and charges at levels that are sufficient to pay the Series 2023 Installment Payments. See the caption "SECURITY FOR THE BONDS—Rate Covenant."

### **Risks Associated with Bond Insurance**

In the event that the Authority defaults in the payment of principal of or interest on the Insured Bonds when due, the owners of the Insured Bonds will have a claim under the Policy for such payments. See the caption "BOND INSURANCE." In the event that the Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that the Insurer is unable to make payment of principal of and interest on the Insured Bonds when due under the Policy, the Insured Bonds will be payable solely from Series 2023 Installment Payments (which are payable solely from Water System Revenues) and amounts held in certain funds and accounts established under the Indenture, as described under the caption "SECURITY FOR THE BONDS."

The long-term rating on the Insured Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption "RATINGS."

None of the Authority, the City or the Underwriter has made an independent investigation of the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the Authority, the City or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Insured Bonds, potential investors should carefully consider the ability of the City to pay Series 2023 Installment Payments from Water System Revenues, assuming that the Policy is not available to make payments on the Insured Bonds, and the claims-paying ability of the Insurer through final maturity of the Insured Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies for default under the Indenture with respect to the Insured Bonds. The Insurer is not required to obtain the consent of the owners of the Insured Bonds with respect to the exercise of remedies. See Appendix B.

## THE AUTHORITY

The Authority is a public body that is duly organized and existing under the Joint Exercise of Powers Agreement, dated [September 19, 2023] (the “**JPA Agreement**”), by and between the District and California Statewide Communities Development Authority (“**CSCDA**”), and under the Constitution and laws of the State. The Authority was formed for the purpose of assisting in the financing and refinancing of capital improvement projects of the District and related entities and to finance working capital for the District by exercising the powers referred to in the JPA Agreement, including the power to issue bonds to pay the costs of public improvements. Neither the District nor CSCDA is responsible for repayment of the obligations of the other. The members of the Board of Directors of the Authority are the members of the Board of Directors of the District.

## APPROVAL OF LEGAL PROCEEDINGS

The valid, legal and binding nature of the Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, acting as Bond Counsel. The form of such legal opinion is set forth in Appendix C, and such legal opinion will be attached to each Bond. Certain matters will be passed upon for the District and the Authority by \_\_\_\_\_, as General Counsel to the District and the Authority, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California, for the Trustee by its counsel and for the Insurer by its counsel.

## LITIGATION

### District

**General.** At the time of delivery of and payment for the Bonds, the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the District, threatened against the District affecting the existence of the District or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Installment Purchase Agreement and the Indenture, or that could have a material adverse effect on the District’s ability to pay the Series 2023 Installment Payments, in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Installment Purchase Agreement or any action of the District contemplated by any of said documents, in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents, nor to the knowledge of the District, is there any basis therefor.

**Waterline Litigation.** In January 2022, one of the District’s waterlines ruptured, spilling water onto a nearby residential property (not including the interior of the residence). The homeowner has filed a lawsuit against the District in connection with the waterline break alleging damage to property as a result of acts and omissions of the District and seeking aggregate compensation of up to several million dollars. SDRMA, the District’s liability insurer, is defending the District in this action and the District is currently incurring very limited costs in connection therewith. Discovery is ongoing and a trial date has not been set. The District believes that certain actions of the homeowner may have contributed to the waterline break and that it has other meritorious defenses to the homeowner’s claims. The District further believes that, in the event it is found liable, any damage award will be covered by insurance proceeds. For these reasons, the District does not believe that an adverse outcome in this lawsuit will have a material adverse effect on the District or the District’s ability to pay the Series 2023 Installment Payments. Notwithstanding the foregoing, there can be no assurance as to the ultimate outcome or timing of resolution of this matter.

In June 2023, a group of homeowners filed a lawsuit against the District alleging that certain elements of the District’s water system infrastructure, including concrete pipes, constitute a nuisance and seeking an order

that they be replaced or refurbished. The complaint does not contain any allegations of damage to the homeowners and, accordingly, SDRMA is not currently defending the District in this matter. The District has demurred to the allegations in the complaint, but recently learned that the plaintiffs intend to file a first amended complaint. The litigation is at a preliminary stage and the District is unable to predict the ultimate outcome of this matter. The District notes that replacement and refurbishment of District waterlines is included in the District's capital improvement program. See the caption "THE WATER SYSTEM—Future Water System Improvements."

### **Authority**

At the time of delivery of and payment for the Bonds, the Authority will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Installment Purchase Agreement and the Indenture, or that could have a material adverse effect on the Authority's ability to pay the Bonds, in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Installment Purchase Agreement or any action of the Authority contemplated by any of said documents, in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto or contesting the powers of the Authority or its authority with respect to the Bonds or any action of the Authority contemplated by any of said documents, nor to the knowledge of the Authority, is there any basis therefor.

### **TAX MATTERS**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel ("**Bond Counsel**"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Code, generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) on the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Authority, the District and others and is subject to the condition that the Authority and the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority and the District have covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue

discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received with respect to the Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Authority and the District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest (and original issue discount) on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C.

### CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Agreement, dated the date of issuance of the Bonds (the “**Continuing Disclosure Agreement**”), for the benefit of the Owners and Beneficial Owners of the Bonds, to provide certain financial information and operating data relating to the District by not later than each April 1 following the end of the District’s Fiscal Year (currently its Fiscal Year ends on June 30) (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with EMMA. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in Appendix E. These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12.

The District has not previously entered into a continuing disclosure undertaking. The District’s debt management policy includes continuing disclosure compliance policies and procedures. See the caption “THE DISTRICT—Governance and Management—Management Policies—Debt Management Policy.”

### RATINGS

S&P has assigned the rating of “\_\_” to the Insured Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Bonds. S&P has also assigned the Bonds the rating of “\_\_” notwithstanding the delivery of the Policy for the Insured Bonds.

A rating is not a recommendation to buy, sell or hold securities. Future events could have an adverse impact on the rating of the Bonds, and there is no assurance that any credit rating that is given to the Bonds will be maintained for any period of time or that a rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such qualification, downgrade, lowering or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The rating reflects only the views of S&P (which views and criteria could change at any time), and an explanation of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it (which may include information and material from the District that is not included in this Official Statement) and on investigations, studies and assumptions of its own.

The District has covenanted in the Continuing Disclosure Agreement to file notices of any rating changes on the Bonds with EMMA. See the caption “CONTINUING DISCLOSURE” and Appendix E. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to the time that such information is provided to the District and prior to the date by which the District is obligated to file a notice of rating change. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the Bonds after the initial issuance of the Bonds.

In providing a rating on the Bonds, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Indenture. The District and the Authority make no representations as to any such calculations, and such calculations should not be construed as a representation by the District or the Authority as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

None of the Authority, the City or the Underwriter makes any representation as to the Insurer's creditworthiness and no representation that the Insurer's credit rating will be maintained in the future. S&P has previously taken action to downgrade the ratings of certain municipal bond insurers and has published various releases outlining the processes that S&P intends to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to S&P for additional information on S&P's evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption "BOND INSURANCE" for further information relating to the Insurer.

#### **MUNICIPAL ADVISOR**

The District has retained NHA Advisors, LLC, San Rafael, California (the "**Municipal Advisor**"), as its municipal advisor in connection with the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained herein.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

#### **UNDERWRITING**

The Bonds are being purchased by Hilltop Securities Inc. (the "**Underwriter**") pursuant to a purchase agreement, dated the date hereof, by and among the Authority, the District and the Underwriter. The Underwriter will purchase the Bonds from the Authority at an aggregate purchase price of \$\_\_\_\_\_, representing the principal amount of the Bonds, plus/less \$\_\_\_\_\_ of net original issue premium/discount and less \$\_\_\_\_\_ of Underwriter's discount.

The initial public offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

#### **FINANCIAL INTERESTS**

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel and counsel to the Underwriter are contingent upon the issuance and delivery of the Bonds.

**MISCELLANEOUS**

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the District.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES  
DISTRICT PUBLIC FINANCING AUTHORITY**

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

**HIDDEN VALLEY LAKE COMMUNITY SERVICES  
DISTRICT**

By: \_\_\_\_\_  
President



**APPENDIX A**  
**DISTRICT FINANCIAL STATEMENTS**

## **APPENDIX B**

### **DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT PURCHASE AGREEMENT AND THE INDENTURE**

*The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture that are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the applicable document for a full and complete statement of the provisions thereof.*

[TO COME FROM BOND COUNSEL]

## APPENDIX C

### FORM OF OPINION OF BOND COUNSEL

*Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:*

November \_\_, 2023

Hidden Valley Lake Community Services District Public Financing Authority  
c/o Hidden Valley Lake Community Services District  
19400 Hartmann Road  
Hidden Valley Lake, California 95467

*Re:     \$\_\_\_\_\_ Hidden Valley Lake Community Services District Public Financing Authority  
Water Revenue Bonds, Series 2023A*

Members of the Board of Directors:

We have acted as Bond Counsel to the Hidden Valley Lake Community Services District Public Financing Authority (the "Authority") in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Hidden Valley Lake Community Services District Public Financing Authority Water Revenue Bonds, Series 2023A (the "Bonds"). The Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of November 1, 2023 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Bonds are limited obligations of the Authority payable solely from payments to be made by the Hidden Valley Lake Community Services District (the "District") to the Authority pursuant to an Installment Purchase Agreement, dated as of November 1, 2023 (the "Installment Purchase Agreement"), by and between the District and the Authority, and from certain funds and accounts established under the Indenture.

In connection with our representation, we have examined a certified copy of the proceedings relating to the Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance and sale by the Authority of the Bonds under the laws of the State of California (the "State") now in force, and the Indenture has been duly authorized, executed and delivered by the Authority. Assuming due authorization, execution and delivery by the Trustee, as appropriate, the Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the Bonds from Authority Revenues (as such term is defined in the Indenture) is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest

(and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) on the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

4. Interest (and original issue discount) on the Bonds is exempt from State personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the Bond.

6. The amount by which a Bond Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions that are expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and the Authority and are subject to the condition that the District and the Authority comply with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the Authority have covenanted to comply with all such requirements.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds terminates on the date of their issuance. The Indenture, the Installment Purchase Agreement and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

Our opinion is limited to matters governed by the laws of the State and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions that are expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture, the Installment Purchase Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if

equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the Owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

## APPENDIX D

### INFORMATION CONCERNING DTC

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the District and the Underwriter believe to be reliable, but none of the Authority, the District or the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE AGREEMENT

*Upon the issuance of the Bonds, the District proposes to enter into a Continuing Disclosure Agreement in substantially the following form:*

This Continuing Disclosure Agreement (the “**Disclosure Agreement**”) is executed and delivered by the Hidden Valley Lake Community Services District (the “**District**”) in connection with the issuance of the Hidden Valley Lake Community Services District Public Financing Authority Water Revenue Bonds, Series 2023A in an aggregate principal amount of \$\_\_\_\_\_ (the “**Bonds**”). The Bonds are being issued by the Hidden Valley Lake Community Services District Public Financing Authority (the “**Authority**”) pursuant to the provisions of that certain Indenture of Trust, dated as of November 1, 2023 (the “**Indenture**”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The District hereby certifies, covenants and agrees as follows:

Section 1.        Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2.        Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” shall mean each April 1 after the end of the District’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*Beneficial Owner*” shall mean any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean, initially, the District, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the District and has filed with the then-current Dissemination Agent a written acceptance of such designation.

“*Financial Obligation*” shall mean a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“*Insurer*” means \_\_\_\_\_.

“*Listed Events*” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*Official Statement*” shall mean the Official Statement dated October \_\_, 2023, relating to the Bonds.

“*Participating Underwriter*” shall mean Hilltop Securities Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.



“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District) to, not later than the Annual Report Date, commencing April 1, 2024 with the Annual Report for fiscal year [2022-23], provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 calendar days prior to such date, the District shall provide its Annual Report to the Dissemination Agent, if the Dissemination Agent is a different entity than the District. The Annual Report must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the District may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent (if other than the District) to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. If the Dissemination Agent is a different entity than the District, the Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District in a timely manner shall send to the MSRB a notice in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it (if the Dissemination Agent is other than the District) to the MSRB by the date required in subsection (a);
2. file a report with the District (if the Dissemination Agent is other than the District) and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided; and
3. take any other actions as are mutually agreed upon between the Dissemination Agent and the District.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the District for the prior fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time that the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Principal amount of the Bonds outstanding.

(c) An update of the information for the prior fiscal year in substantially the form set forth in the following tables in the Official Statement under the caption “THE WATER SYSTEM”:

1. Table 1 – Historical Water Supply in Acre Feet;

2. Table 2 – Historical Water System Deliveries in Acre Feet;
3. Table 3 – Historical Water System Connections;
4. Table 4 – Historical Water System Sales Revenues; and
5. Table 5 – Ten Largest Water System Customers.

(d) An update of the information for the prior fiscal year in substantially the form set forth in the following table in the Official Statement under the caption “WATER SYSTEM FINANCIAL INFORMATION”:

1. Table 13 – Historical Water System Operating Results and Debt Service Coverage Fiscal Year Ended June 30.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, that are available to the public on the MSRB’s Internet website or filed with the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. Principal and interest payment delinquencies.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
6. Tender offers.
7. Defeasances.
8. Rating changes.
9. Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

1. Unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.
2. Modifications to the rights of Bondholders.
3. Bond calls.
4. Release, substitution or sale of property securing repayment of the Bonds.
5. Non-payment related defaults.
6. The consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. Appointment of a successor or additional trustee or the change of the name of a trustee.
8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the District, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the District determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the District, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the District and, if the Dissemination Agent is other than the District, the Dissemination Agent shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the District and the Dissemination Agent specified in this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 7. Dissemination Agent. The District may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the District shall act as Dissemination Agent. The initial Dissemination Agent shall be the District.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver: (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders; or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of Bond owners.

The District shall describe any amendment to this Disclosure Agreement in the next Annual Report filed after such amendment takes effect.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provisions of this Disclosure Agreement, the Insurer, any Participating Underwriter or any holder or Beneficial Owner of the Bonds, or the Trustee on behalf of the holders of the Bonds (after receiving indemnification to its satisfaction), may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent (if other than the District), its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties



**APPENDIX F**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



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stradlinglaw.com

October 17, 2023

Dennis White, General Manager  
Hidden Valley Lake Community Services District  
19400 Hartmann Road  
Hidden Valley Lake, California 95467

Dear Mr. White:

We appreciate the opportunity to represent the Hidden Valley Lake Community Services District (the “**District**”) as bond and disclosure counsel for the proposed 2023 water revenue bonds. These services will include advising the District on the legal structure for the financing, drafting an authorizing resolution and legal, disclosure and closing documents, rendering a closing bond counsel opinion and a negative assurance letter with respect to the District’s securities disclosure and reviewing documents drafted by the underwriter’s counsel, all as described in the attached scope of services.

As is traditional for bond and disclosure counsel matters, our fees will be contingent on the completion of the financing and will be payable from the proceeds of the financing. Unless otherwise confirmed in writing, the terms of this letter and the enclosed Terms of Retention will govern our bond counsel representation of you in connection with the matters identified above.

We are attaching our normal Terms of Retention, which is an integral part of our retention agreement. If this letter, including the attached Terms of Retention, accurately reflects your understanding of our relationship, please acknowledge your approval and acceptance of these terms by signing and returning this letter to me. Copies of each are enclosed for your files. I would be pleased to answer any questions you might have.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH

Cyrus Torabi

Enclosure

Terms of Retention

October 17, 2023

Page 2

The undersigned hereby agrees that the terms and conditions in this letter and the accompanying Terms of Retention shall apply to services rendered by Stradling Yocca Carlson & Rauth.

HIDDEN VALLEY LAKE COMMUNITY SERVICES  
DISTRICT

By: \_\_\_\_\_  
General Manager



**TERMS OF RETENTION  
OF  
STRADLING YOCCA CARLSON & RAUTH**

1. **Fees and Costs.** Stradling Yocca Carlson & Rauth, a Professional Corporation (the “**Firm**”), is compensated for its services based primarily on the value of the services and the time spent performing them. Such compensation may include the time spent on client conferences, travel, research, drafting documents and other activities. The amount of fees charged on a statement is determined by the hours expended by the different attorneys and other professional personnel involved and the applicable rates.

Except for bond and disclosure counsel matters described below, payment is due within thirty days of the date of each fee and costs statement. Statements paid more than 60 days after the date of submission will be charged interest of 10% per annum. If the Hidden Valley Lake Community Services District (the “**District**”) wishes to question any charge, the District agrees to do so within thirty days of the statement date. The District agrees to contact a primary attorney of the District’s matters with any questions about any of the District’s bills.

**For bond and disclosure counsel matters, payment is contingent on the closing of the financing and is payable upon closing. A scope of service and the not-to-exceed fixed fee for the proposed financing is set forth in Exhibit A.**

The Firm also charges for various costs such as copying, telephone charges, computerized legal research, word processing and/or other computer time, overtime costs, messenger services, travel, filing fees and other costs. Bills for some costs are passed on directly, such as bills for certified shorthand reporters, technical consultants and other professional fees. For bond and disclosure counsel matters, expenses are included in the fixed amount that is set forth in Exhibit A.

Services unrelated to specific transactions, including but not limited to post-closing compliance matters, arbitrage rebate compliance, continuing disclosure compliance and representation of the District in connection with Internal Revenue Service, federal or state securities law or other regulatory matters and other post-closing matters, will be billed in accordance with the provisions of the first paragraph above.

2. **Termination by the Firm.** The Firm reserves the absolute right to withdraw from representing the District if, among other things, the District fails to honor the terms of this agreement or fails to cooperate fully or follow the Firm’s advice on a material matter, or any fact or circumstance occurs that would, in the Firm’s view, render the Firm’s continuing representation unlawful or unethical. If the Firm elects to withdraw, the District will take all steps necessary to free the Firm of any obligation to perform further services, including the execution of any documents necessary to complete the Firm’s withdrawal, and the Firm will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on the District’s behalf. Notwithstanding the foregoing, no portion of any contingent bond or disclosure counsel fee shall be payable in the event that the Firm terminates its representation of the District as discussed above prior to closing of the proposed transaction. If necessary in connection with litigation, the Firm will request leave of court to withdraw.

3. **Termination by the District.** The Firm understands that it serves at the pleasure of the District and this agreement may be terminated by the District at any time, upon 10 days written notification, with or without cause. **In the event that the Firm's services are terminated prior to the closing of a financing, no portion of any contingent bond or disclosure counsel fee shall be payable to the Firm, but actual out-of-pocket expenses will be reimbursed.**

4. **Date of Termination.** The Firm's representation of the District will be considered terminated at the earlier of: (i) the District's termination of the Firm's representation; (ii) the Firm's withdrawal from representation of the District; or (iii) the completion of the Firm's substantive work for the District.

5. **Related Activities.** If any third-party claim or action is brought against the Firm or any personnel or agents of the Firm based on the District's sole negligence or sole misconduct, or if the Firm must defend the confidentiality of the District's communications in any proceeding, the District agrees to pay the Firm for the actual cost of any resulting fees, costs or damages, including the Firm's time, even if the Firm's representation of the District has ended.

6. **No Guarantee of Outcome.** The Firm will provide its services consistent with the level and quality of expertise expected of a nationally recognized firm specializing in securities law and the transaction contemplated by this agreement. The Firm does not and cannot guarantee any outcome in a matter.

7. **Insurance and Indemnification.** The Firm maintains professional errors and omissions insurance coverage that is applicable to the services to be rendered to the District. The Firm agrees to hold harmless, indemnify and defend the District from and against any and all finally adjudicated determinations, including all costs of defense and reasonable attorneys' fees, relating to the negligence or willful misconduct of the Firm's services rendered in connection with this Terms of Retention up to the limits of such professional errors and omissions insurance coverage.

8. **Client.** The Board of Directors of the District is the Firm's client. Unless expressly agreed, the Firm is not undertaking the representation of any related or affiliated person or entity, nor any parent, subsidiary or affiliated corporation or entity, nor any of the District's or their officers, directors, agents, or employees.

9. **Payment Notwithstanding Dispute.** In the event of any dispute that relates to the Firm's entitlement to any payment from the District, all undisputed amounts shall be paid by the District to the Firm's client trust account. Any amounts in any client trust account held on the District's behalf, sufficient to pay the disputed amounts, shall continue to be held in such trust account until the final disposition of the dispute.

10. **Arbitration.** The Firm appreciates the opportunity to serve as the District's attorneys and anticipates a productive and harmonious relationship. If the District should feel for any reason that there is a problem with the services that the Firm has performed or with the Firm's charges, the Firm encourages the District to bring such matters to the Firm's attention immediately. If the Firm perceives a problem with representation of the District, the Firm will likewise endeavor to discuss it with the District. Most problems should be rectified by communication and discussion. However, a

dispute might arise between the Firm and the District which could not be resolved by negotiation. The Firm believes that such attorney-client disputes are most satisfactorily resolved through final and binding arbitration rather than by litigation. Both the United States Supreme Court and the California Supreme Court have endorsed arbitration as an accepted and favored method of resolving disputes, because it is economical and expeditious.

In arbitration, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Arbitration rules of evidence and procedure are often less formal and less rigid than the rules which apply in courts. Arbitration usually results in a decision much more quickly than proceedings in courts, and the attorneys' fees and other costs incurred by both sides may be substantially less. The District is free to discuss the advisability of arbitration with the Firm or with the District's own independent counsel or any of the District's other advisors, and to ask any questions which the District may have.

By signing this Terms of Retention, the Firm and the District agree that, in the event of any dispute or claim arising out of or relating to the Firm's engagement, relationship, charges or services (including but not limited to disputes or claims regarding the Firm's charges, professional malpractice, errors or omissions, breach of contract, breach of fiduciary duty, fraud, or violation of any statute), **SUCH DISPUTE OR CLAIM SHALL BE RESOLVED BY SUBMISSION TO FINAL AND BINDING ARBITRATION IN ORANGE COUNTY, CALIFORNIA, BEFORE A RETIRED JUDGE OR JUSTICE. BY AGREEING TO ARBITRATE, THE DISTRICT WAIVES ANY RIGHT YOU HAVE TO A COURT OR JURY TRIAL.** Venue with regard to any ancillary proceedings arising out of such dispute or claim shall also be in Orange County. If the Firm and the District are unable to mutually agree on a retired judge or justice, then each side will name one retired judge or justice and the two named persons will select a neutral judge or justice who will act as the sole arbitrator. The fees of the arbitrator will be paid equally by both the Firm and the District.

In arbitration, the Firm and the District shall both be entitled to conduct discovery in accordance with the provisions of the California Code of Civil Procedure, but either the Firm or the District may request that the arbitrator limit the amount or scope of such discovery and, in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

Under California law, the District has the right, if desired, to request arbitration of any fee dispute before an arbitrator or panel of arbitrators selected by a local bar association or the State Bar (a "**Bar Arbitration**") and a trial de novo in court if dissatisfied with the result. If the District does request a Bar Arbitration, the law provides that evidence of any claim of malpractice or professional misconduct is admissible only concerning the fees or costs in dispute and that the arbitrator shall not award any affirmative relief in the form of damages, offset or otherwise on account of such claim. By signing this agreement, the District agrees that if a Bar Arbitration is conducted, that Bar Arbitration or any trial de novo in court thereafter shall determine only the issue of the amount of fees properly chargeable to the District, if any, and that such Bar Arbitration or trial de novo in Court thereafter shall have no effect on the provisions set forth above which require arbitration before a retired judge or justice of any claims for affirmative relief based on alleged professional malpractice, errors or omissions, breach of conduct, breach of fiduciary duty, fraud or violation of any statute. Any such

claims shall be solely determined in an arbitration proceeding by a retired judge or justice without regard to the result of any Bar Arbitration or trial de novo thereafter.

11. **Other Clients.** As a law firm with many diverse clients and practice areas, the Firm seeks to retain the ability to accept unrelated matters for all of the Firm's clients. We may thus request your informed written consent in the event that the Firm seeks to represent any other client in any future matter that is not substantially related to this matter and does not involve material confidential information that the Firm obtained while representing the District in this matter. Such matters could arise during our representation of the District in this matter. The District may determine to consent or not consent to such request and should feel free to consult independent counsel of the District's choice before deciding whether to grant any consent should it be requested.

The Firm represents various public agencies throughout California on bond counsel matters. The Firm has not represented and will not represent such agencies on any matter adverse to the District while engaged by the District on this matter.

The Firm represents various investment banks, placement agents and underwriters from time to time on transactions for public agencies other than transactions for the District. The Firm is not representing any investment bank, placement agent or underwriter (or any other party other than the District) on this transaction.

12. **Primary Attorneys.** The primary attorneys with responsibility for this representation will be Cyrus Torabi, Brian Forbath and Carol Lew (Tax Counsel). The parties agree that the Firm is being retained based on the unique skill, experience, and expertise of Messrs. Torabi and Forbath and Ms. Lew and no change will be made in the primary attorneys without the prior written consent of the District.

## EXHIBIT A

### SCOPE OF SERVICES

As bond counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation (the “**Firm**”), will undertake the following Scope of Services on the proposed transaction:

1. **Preparation and Review of Legal Documents on Behalf of District.** Provide bond counsel and disclosure services in connection with the proposed financing by the Hidden Valley Lake Community Services District (the “**District**”) of certain capital improvements to its water system (collectively, the “**Project**”), including but not limited to:

- advice and consultation with the District’s General Manager, administrative staff, General Counsel and Board of Directors regarding the proposed financing, proposed financial covenants and the financing process;
- establishing a new joint powers authority to serve as a counterparty in the financing process;
- drafting various resolutions, documents and agreements for consideration by the Board of Directors;
- participating in meetings, hearings or negotiations with District staff, the Board of Directors, the underwriter and its counsel, the District’s municipal advisors and other financing team members as the circumstances require;
- preparing final closing documents, including tax documents, to be executed by the District to effect the financing, and coordinating the adoption and execution of all documents and of the closing;
- reviewing and negotiating changes to documents drafted by the underwriter’s counsel, including the bond purchase agreement;
- undertaking a due diligence review of meeting minutes of the District’s Board of Directors and various public documents related to the District and its water system;
- assisting the District in preparing a securities disclosure with respect to the bonds to be issued, the District and the District’s water system;
- delivering a negative assurance letter with respect to the District’s securities disclosure; and
- delivering a final approving opinion with respect to the validity and tax status of the proposed financing.

2. **Fixed Fee Proposed.** The Firm proposes an all-inclusive not-to-exceed fee of **\$60,000** to serve as bond counsel for the Project. The foregoing fee quotation will in all cases be contingent upon the closing of the financing. Moreover, the above fee quotation is inclusive of costs. The Firm

does not propose to charge the District any amounts in addition to those set forth above for costs in connection with the financing, including travel to and from the District for appearances at one or more Board of Directors meetings.

3. **Other Matters.** In the event that the Firm is requested to advise the District on matters other than the interim financing of the Project, the Firm proposes the following hourly rates:

Cyrus Torabi:	\$525 per hour.
Brian Forbath and Carol Lew (Tax Counsel):	\$630 per hour.

RESOLUTION 2023-10

A RESOLUTION OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING AUTHORITY APPROVING THE SALE OF ITS WATER REVENUE BONDS, SERIES 2023A, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$5,000,000 AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Hidden Valley Lake Community Services District Public Financing Authority (the "Authority"), a public entity that is duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State of California (the "State"), has the powers, among others, to issue bonds and to finance water facilities on behalf of its members pursuant to Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, including but not limited to Article 4 thereof, known as the "Marks-Roos Local Bond Pooling Act of 1985," Government Code Section 6584 et seq. (the "Act"); and

WHEREAS, the Hidden Valley Lake Community Services District (the "District"), a Community Services District that is duly organized and existing under the laws of the State, is a member of the Authority; and

WHEREAS, the District desires to finance the acquisition and construction of certain existing improvements, betterments, renovations and expansions of facilities within its water system (collectively, the "2023 Project"); and

WHEREAS, the Board of Directors of the Authority (the "Board") has determined that it is desirable to issue its Water Revenue Bonds, Series 2023A (the "Bonds") in an aggregate principal amount not to exceed \$5,000,000 to assist the District in financing the 2023 Project; and

WHEREAS, the Bonds are to be secured by installment payments to be made by the District pursuant to the Installment Purchase Agreement (the "Installment Purchase Agreement"), by and between the District and the Authority, which installment payments will be payable from net revenues of the District's water system to the extent set forth in the Installment Purchase Agreement; and

WHEREAS, the Board has determined that it is in the best interest of the Authority to enter into the Installment Purchase Agreement with the District, and to approve certain other documents; and

WHEREAS, the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), desire to enter into an Indenture of Trust (the "Indenture"), to provide for the issuance and security of the Bonds and to provide for the financing of the 2023 Project; and

WHEREAS, pursuant to the Indenture, the Authority will assign to the Trustee the installment payments payable under the Installment Purchase Agreement; and

WHEREAS, the Authority desires to execute and deliver a bond purchase agreement (the "Purchase Contract") with the District and Hilltop Securities Inc., as underwriter of the Bonds (the "Underwriter"), with respect to the Bonds; and

WHEREAS, in order to effect a public sale of the Bonds to the Underwriter, the Authority is required under federal securities laws and regulations to prepare a preliminary official statement (the "Preliminary

Official Statement”) disclosing material information about the Bonds, the District and the District’s water system; and

WHEREAS, the Authority wishes to approve the Preliminary Official Statement for the Bonds, which has been prepared by the District and the Authority with the assistance of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel (“Disclosure Counsel”).

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Hidden Valley Lake Community Services District Public Financing Authority, Lake County, California, as follows:

1. Each of the above recitals is true and correct.
2. The Board hereby specifically finds and declares that: (a) the financing of the 2023 Project will result in significant public benefits to the citizens of the District of the type that is described in Section 6586 of the Marks-Roos Local Bond Pooling Act of 1985 (the “Act”), in that having the Authority assist the District with respect to the financing of the 2023 Project through the issuance of the Bonds and related transactions will result in demonstrable savings in effective interest rate to the District and significant reductions in effective user charges levied by the District; and (b) the 2023 Project includes facilities for the production, storage, transmission or treatment of water within the meaning of Section 6586.5(c) of the Act.
3. The Board hereby authorizes the preparation, sale and delivery of the Bonds in accordance with the terms and provisions of the Indenture in an aggregate principal amount (not in excess of \$5,000,000) that is determined by the Executive Director or the Treasurer, together with other available funds, as being necessary: (a) to finance the 2023 Project; (b) to pay the costs of issuing the Bonds; and (c) if advisable to reduce the interest rate payable on the Bonds and/or secure a higher credit rating on the Bonds, to establish a reserve fund for the Bonds.
4. The form of the Bonds, as set forth in the form of the Indenture (as the Indenture may be modified pursuant hereto), is hereby approved; and the Chair, the Executive Director and the Secretary are hereby authorized and directed to execute the Bonds by manual or facsimile signature in the name and on behalf of the Authority.
5. The Installment Purchase Agreement is hereby approved in substantially the form on file with the Secretary and, upon execution as authorized below, made a part hereof as though set forth in full herein. The Chair, the Vice Chair, the Executive Director and the Secretary of the Authority (each, a “Designated Officer”) or the designee thereof are hereby authorized and directed to execute and deliver such Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by General Counsel or the law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), and approved by the officer executing the same, said execution being conclusive evidence of such approval.
6. The Indenture is hereby approved in substantially the form on file with the Secretary and, upon execution as authorized below, made a part hereof as though set forth in full herein. Each Designated Officer or the designee thereof is hereby authorized and directed to execute and deliver such Indenture with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.



7. The Purchase Contract is hereby approved in substantially the form on file with the Secretary and, upon execution as authorized below, made a part hereof as though set forth in full herein. Each Designated Officer or the designee thereof is hereby authorized and directed to execute and deliver such Purchase Contract with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$5,000,000, nor shall the underwriting discount for the Bonds (excluding any net original issue discount) exceed 0.60% of the aggregate principal amount of the Bonds, nor shall the all-in true interest cost of the Bonds exceed 6.15%.
8. The preparation and distribution of the Preliminary Official Statement in substantially the form on file with the Secretary is hereby approved. Each Designated Officer is hereby authorized: (i) to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") deeming the Preliminary Official Statement substantially final under the Rule, except for the omission of information as permitted by the Rule; and (ii) to execute, approve and deliver the final Official Statement in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as the officer or officers executing said document may require or approve, subject to advice from General Counsel or Disclosure Counsel, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is directed to deliver copies of the final Official Statement to all actual initial purchasers of the Bonds.
9. The proceeds of the Bonds shall be deposited as provided in the Indenture and the Installment Purchase Agreement to finance the 2023 Project.
10. The appointment of U.S. Bank Trust Company, National Association, as Trustee under and pursuant to the Indenture, with the powers and duties of said office as set forth therein, is hereby approved.
11. The Board hereby authorizes the Executive Director or his designee: (i) to solicit bids on a municipal bond insurance policy and/or reserve surety; (ii) to negotiate the terms of such policy or policies; (iii) to finalize, if appropriate, the form of such policy or policies with a municipal bond insurer; and (iv) if it is determined that the policy or policies will result in net debt services savings on the Bonds, to pay the insurance premium of such policy or policies from the proceeds of the issuance and sale of the Bonds.
10. The good faith estimates of costs related to the Bonds which are required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this Resolution is approved.
11. The Designated Officers or any other proper officer of the Authority, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Installment Purchase Agreement, the Purchase Contract, bond insurance, a reserve surety and this Resolution, including any reimbursement agreement or other agreement related to bond insurance or a reserve surety. In the event that the Chair or Vice Chair are unavailable to sign any of the agreements described herein, any other member of the Board may sign such agreement and, in the event that the

Secretary is unavailable or unable to attest or to deliver any of the above-referenced documents, any deputy secretary may validly execute and deliver such document.

12. In accordance with the requirements of the Act, the Conflict of Interest Code of the District is hereby adopted as the Conflict of Interest Code of the Authority.

13. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture or the Installment Purchase Agreement unless the context otherwise clearly requires.

14. This Resolution shall take effect immediately upon its adoption.

\*\*\*\*\*

I hereby certify that the foregoing resolution was duly and regularly adopted by the Board of Directors of the Hidden Valley Lake Community Services District, Lake County, California, at a meeting thereof held on the 17<sup>th</sup> day of October 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Claude Brown  
Chair of the Board

---

Dennis White  
Executive Director/Secretary to the Board

## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by NHA Advisors, LLC (the Authority's "Municipal Advisor") in consultation with Hilltop Securities Inc., the Underwriter of the Bonds.

*Principal Amount.* The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$5,000,000 (the "Estimated Principal Amount"), which excludes approximately \$70,869 of net original issue discount estimated to be generated based on current market conditions, which together total \$4,929,131. Net original issue discount is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for the bonds is lower than the face value of such bonds.

*True Interest Cost of the Bonds.* The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 5.26%.

*Finance Charge of the Bonds.* The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$294,918.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the Authority's that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$4,634,213.

*Total Payment Amount.* The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$9,356,201.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, delays in the financing, additional legal work or a combination of such factors and additional finance charges, if any, attributable thereto. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the Authority

based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.

**INDENTURE OF TRUST**

**Dated as of November 1, 2023**

**by and between**

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION  
as Trustee**

**and**

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT  
PUBLIC FINANCING AUTHORITY**

**Relating to**

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

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT  
PUBLIC FINANCING AUTHORITY  
WATER REVENUE BONDS, SERIES 2023A**

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## INDENTURE OF TRUST

THE INDENTURE OF TRUST is made and entered into and dated as of November 1, 2023, by and between the HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under and by virtue of the laws of the State of California (the “**Authority**”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association that is duly organized and existing under the laws of the United States of America, as trustee hereunder (the “**Trustee**”).

### RECITALS

A. The Authority has been created pursuant to the JPA Agreement with the powers, among others, to issue bonds and to finance and refinance water and wastewater facilities on behalf of its members.

B. The Hidden Valley Lake Community Services District (the “**District**”), a member of the Authority, has determined that it is in the best interest of the public to finance the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its Water System (collectively, the “**2023 Project**”), as further described in the Installment Purchase Agreement, with the assistance of the Authority.

C. The Authority is authorized pursuant to State law, including but not limited to, Section 6588(c) of the Government Code of the State of California (the “**Government Code**”) and pursuant to Section 5(b) of the JPA Agreement to incur indebtedness to finance such improvements, and is authorized pursuant to State law, including but not limited to Section 6588(m) of the Government Code, to assign and pledge to the repayment of such indebtedness amounts payable to the Authority by its members.

D. The Authority hereby finds pursuant to Section 6586 of the Government Code that the issuance of the bonds that are authorized under Section 2.01 hereof (the “**Bonds**”) to finance the 2023 Project will have demonstrable savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs and significant reductions in effective user charges levied by the District.

E. In order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the Authority has authorized the execution and delivery of the Indenture.

F. The Authority has determined that all acts and proceedings which are required by law and necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute the Indenture a valid and binding agreement for the uses and purposes set forth herein in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized.

### GRANTING CLAUSES

The Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created, the mutual covenants herein and the purchase and acceptance of the Bonds by the

owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under the Indenture, and to secure the performance and observance of all of the covenants and conditions therein and herein set forth, does hereby assign and pledge unto, and grant a security interest in, the following (the “**Trust Estate**”) to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Authority to the Bond Owners hereinafter set forth:

#### FIRST

All right, title and interest of the Authority in and to the Authority Revenues (as such term is defined herein), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any Authority Revenues which are payable to or receivable by the Authority under the Constitution of the State, the Government Code and the Indenture and any other applicable laws of this State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do thereunder, subject to the terms hereof.

#### SECOND

All moneys and securities held in funds and accounts of the Indenture, except amounts held in the Rebate Fund, and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Authority or by anyone on its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof.

#### THIRD

All of the rights, title and interest of the Authority in the Installment Purchase Agreement, including all rights of the Authority to receive payments thereunder and all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement) or otherwise to protect the interest of the Owners of the Bonds, subject to the terms hereof, and excepting therefrom any rights to indemnification or to receive notices thereunder.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever for the benefit of the Owners, and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds issued under and secured by the Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the Bonds due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and

shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, the Indenture and the rights hereby granted shall cease, terminate and be void; otherwise the Indenture shall remain in full force and effect.

It is expressly declared that all Bonds which are issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the Authority Revenues, hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Authority has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms that are defined in this Section 1.01 shall, for all purposes of the Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless the context otherwise requires, all capitalized terms that are used herein and not defined have the meanings that are ascribed thereto in the Installment Purchase Agreement.

Acquisition Fund. The term “Acquisition Fund” means the fund by that name established pursuant to Section 3.04.

Authority. The term “Authority” means the Hidden Valley Lake Community Services District Public Financing Authority, a public body that is duly organized and existing under the JPA Agreement and the Constitution and laws of the State of California.

Authority Revenues. The term “Authority Revenues” means: (a) all Series 2023 Installment Payments received by the Authority or the Trustee pursuant to or with respect to the Installment Purchase Agreement; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder.

Authorized Representative. The term “Authorized Representative” means with respect to the Authority, its Chair, Vice Chair, Executive Director, Treasurer and Secretary, or any other person designated as an Authorized Representative of the Authority by a Certificate of the Authority signed by its Chair, Vice Chair, Executive Director, Treasurer or Secretary and filed with the Trustee.

Bond Counsel. The term “Bond Counsel” means Stradling, Yocca, Carlson & Rauth, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bond Payment Fund. The term “Bond Payment Fund” means the fund by that name established pursuant to Section 5.01(c).

Bond Year. The term “Bond Year” has the meaning that is given to such term in the Tax Certificate.

Bonds. The term “Bonds” means the Water Revenue Bonds, Series 2023A issued by the Authority and at any time Outstanding pursuant to the Indenture.

Business Day. The term “Business Day” means: (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any other state in which the Office of the Trustee is located, are closed; or (ii) a day on which the New York Stock Exchange is not closed.

Certificate; Direction; Request; Requisition. The terms “Certificate,” “Direction,” “Request,” and “Requisition” of the Authority mean a written certificate, direction, request or requisition signed in the name of the Authority by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements that are provided for in Section 1.02.

Closing Date. The term “Closing Date” means the date on which the Bonds are delivered to the original purchaser thereof.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended.

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

Costs of Issuance Fund. The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03.

Depository; DTC. The terms “Depository” and “DTC” mean The Depository Trust Company, New York, New York, a limited purpose trust company that is organized under the laws of the State of New York, in its capacity as securities depository for the Bonds.

District. The term “District” means the Hidden Valley Lake Community Services District, a Community Services District that is duly organized and existing under and by virtue of the laws of the State, including but not limited to Division 3 of Title 6 the California Government Code.

Event of Default. The term “Event of Default” means any of the events that are specified in Section 7.01.

Federal Securities. The term “Federal Securities” means any direct, non-callable general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or non-callable

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

Fitch. The term “Fitch” means Fitch Ratings, Inc., or any successor thereto.

Government Code. The term “Government Code” means the Government Code of the State.

Indenture. The term “Indenture” means the Indenture of Trust, dated as of November 1, 2023, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may specify in a certificate to the Authority and the Trustee as the Trustee may select.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of the date hereof, by and between the Authority and the District, as amended from time to time.

Interest Account. The term “Interest Account” means the account by that name in the Bond Payment Fund established pursuant to Section 5.01.

Interest Payment Date. The term “Interest Payment Date” means February 1 and August 1 of each year, commencing February 1, 2024.

Investment Agreement. The term “Investment Agreement” means an investment agreement by a provider, supported by appropriate opinions of counsel, provided that any such Investment Agreement shall: (i) be from a provider rated by S&P or Moody’s at “A-” or “A3”, respectively, or above; (ii) require the Authority or the District to terminate such agreement and immediately reinvest the proceeds thereof in other Permitted Investments if the rating assigned to the provider by S&P or Moody’s falls to “BBB” or “Baa2”, respectively, or below; and (iii) expressly permit the withdrawal, without penalty, of any amounts necessary at any time to fund any deficiencies on account of debt service requirements with respect to the Bonds, together with such amendments as may be approved by the Authority and the Trustee from time to time.

Letter of Representations. The term “Letter of Representations” means the letter of the Authority delivered to and accepted by the Depository on or prior to delivery of the Bonds as book-entry bonds setting forth the basis on which the Depository serves as depository for such book-entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the Authority delivered to and accepted by the Depository.

Moody’s. The term “Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 hereof.

Office. The term “Office” means with respect to the Trustee, the principal corporate trust office of the Trustee at 1 California Street, Suite 1000, San Francisco, California 94111, Attention: Corporate

Trust, Reference: Hidden Valley Lake Community Services District 2023 Water Bonds, or at such other or additional offices as may be specified in writing by the Trustee to the Authority, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.10; and (iii) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

Owner; Bond Owner. The terms “Owner” or “Bond Owner,” whenever used herein with respect to a Bond, mean the person in whose name the ownership of such Bond is registered on the Registration Books.

Participants. The term “Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

Permitted Investments. The term “Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any written Request from the Authority as conclusive certification that the investments described therein are so authorized under the laws of the State):

(A) for all purposes, including: (i) as defeasance investments in refunding escrow accounts; and (ii) for the purpose of investing (and receiving premium credit for) accrued and capitalized interest: (1) cash; or (2) Federal Securities; and

(B) for all purposes other than: (i) defeasance investments in refunding escrow accounts; and (ii) investing (and receiving credit for) accrued and capitalized interest: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export-Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration; (2) bonds, notes or other evidences of indebtedness rated “AAA” and “Aaa” by the applicable Rating Agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, demand deposits, including interest bearing money market accounts, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, federal funds and banker’s acceptances with domestic commercial banks, which may include the Trustee and its affiliates, which: (I) have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s; or (II) deposits insured by the Federal Deposit Insurance Corporation maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of

the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated “AAAm,” “AAAm-G,” “AAm” or “AAm-G” or better by S&P, including funds for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise; (6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on the escrow, in the highest rating category of S&P and Moody’s, or any successor thereto; (7) any Investment Agreement; (8) the Local Agency Investment Fund of the State of California; and (9) any other investment permitted by law.

Principal Account. The term “Principal Account” means the account by that name in the Bond Payment Fund established pursuant to Section 5.01.

Rating Agencies. The term “Rating Agencies” means S&P, Moody’s and Fitch.

Rebate Fund. The term “Rebate Fund” means the fund by that name established pursuant to Section 5.07.

Record Date. The term “Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) day of the calendar month preceding such Interest Payment Date, whether or not such day is a Business Day.

Redemption Date. The term “Redemption Date” means the date fixed for an optional redemption prior to maturity of the Bonds.

Redemption Fund. The term “Redemption Fund” means the fund by that name established pursuant to Section 5.05.

Redemption Price. The term “Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of the Indenture.

S&P. The term “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.



Securities Depositories. The term “Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority may designate in a Request of the Authority delivered to the Trustee.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture that is hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the Bonds issued by the Authority on the date of issuance of the Bonds, including any and all exhibits attached thereto.

Trustee. The term “Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion that is provided for in the Indenture, except the certificate of destruction that is provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person he or she has made or caused to be made such examination or investigation as is necessary to enable such person to express an informed opinion with respect to the subject matter referred to in the instrument to which such person’s signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion that is made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an Independent Certified Public Accountant, unless such officer 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 certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an Independent Certified Public Accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel or Independent Certified Public 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 officer of the Authority, or the same counsel or Independent Certified Public Accountant, as the case may be, need not certify to all of the matters that are required to be certified under any provision of the Indenture, but different officers, counsel or Independent Certified Public Accountants may certify to different matters, respectively.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds.

(a) The Authority hereby authorizes the issuance hereunder from time to time of the Bonds, which shall constitute special obligations of the Authority, for the purpose of financing the 2023 Project. The Bonds are hereby designated the “Hidden Valley Lake Community Services District Public Financing Authority Water Revenue Bonds, Series 2023A” in the aggregate principal amount of \$\_\_\_\_\_.

(b) The Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the principal of and interest and premium (if any) on all the Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Bonds shall mature on February 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below:

<i>Maturity (February 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
202__	\$	%

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<sup>(T)</sup> Term Bond.

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any Bond shall be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall be dated the date of initial delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before January 15, 2024, in which event it shall bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 2.03. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity and series. The

Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge that is required to be paid with respect to such transfer. Following any transfer of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.04. Exchange of Bonds. Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption. The Trustee shall require the Bond Owner requesting such exchange to pay any tax or other governmental charge that is required to be paid with respect to such exchange. Following any exchange of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, records for the registration and transfer of ownership of the Bonds, which shall upon reasonable notice and at reasonable times be open to inspection during regular business hours by the Authority, the District and the Owners; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

The person in whose name any Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest on and principal and Redemption Price of such Bonds shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such Bond to the extent of the sum or sums so paid.

Section 2.06. Form and Execution of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of its Chair, Vice Chair, Executive Director or Treasurer, attested by the manual or facsimile signature of its Secretary. The Bonds may carry a seal, and such seal may be in the form of a facsimile of the Authority's seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and any Bonds may be signed and attested on behalf of the Authority by those persons who at the actual date of execution of such Bonds are the proper officers of the Authority although at the nominal date of such Bonds any such person shall not have been such officer of the Authority.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any

purpose or entitled to the benefits of the Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, series and authorized denomination in exchange and substitution for the Bonds so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and upon the written request of the Authority delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, series and authorized denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds secured by the Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.08. Book-Entry System.

(a) Election of Book-Entry System. Prior to the issuance of the Bonds, the Authority may provide that such Bonds shall be initially issued as book-entry Bonds. If the Authority shall elect to deliver any Bonds in book-entry form, then the Authority shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination corresponding to that total principal amount of the Bonds designated to mature on such date. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to book-entry Bonds, the Authority and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Registration Books, of any notice with respect to book-entry Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be redeemed in the event that the Authority redeems the Bonds in part; or (iv) the payment by the Depository or any Participant or any other person of any amount of principal of,

premium, if any, or interest on book-entry Bonds. The Authority and the Trustee may treat and consider the person in whose name each book-entry Bond is registered in the Bond Registration Books as the absolute Owner of such book-entry Bond for the purpose of payment of principal of, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Registration Books, or his or her respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Registration Books, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Authority and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the Authority shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Registration Books. In addition to the execution and delivery of a Letter of Representations, the Authority and the Trustee, if necessary, shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book-entry Bonds; or (ii) the Authority determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the Authority, then the Authority will discontinue the book-entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturity dates of such book-entry Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 hereof.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding Bonds are held in book-entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Bonds to Substitute Depository.

(i) The Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.08(e) (a “**Substitute Depository**”); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the Authority that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the Authority that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the Authority to the Trustee designating the Substitute Depository, a single new Bond, which the Authority shall prepare or cause to be prepared, shall be issued for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Authority. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the Authority to the Trustee, new Bonds, which the Authority shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such written request of the Authority, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the Authority.

(iii) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository’s failure to make such notations or errors in making such notations and the records of the Trustee as to the outstanding principal amount of such Bonds shall be controlling.

(iv) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the Authority nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository

or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Bonds.

### ARTICLE III

#### ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the Bonds. At any time after the execution of the Indenture, the Authority may execute and the Trustee shall authenticate and, upon Request of the Authority, deliver the Bonds in the aggregate principal amount of \$\_\_\_\_\_.

Section 3.02. Application of Proceeds of the Bonds. The proceeds received by the Trustee from the sale of the Bonds in the amount of \$\_\_\_\_\_ (consisting of the principal amount of the Bonds, less \$\_\_\_\_\_ of underwriter's discount, plus/less \$\_\_\_\_\_ of net original issue premium/discount) shall be deposited in trust with the Trustee, who shall apply such proceeds as follows pursuant to the Instructions to the Trustee executed by the Authority on the Closing Date (which Instructions constitute a Direction of the Authority): (i) the Trustee shall deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund; and (ii) the Trustee shall deposit the amount of \$\_\_\_\_\_ in the Acquisition Fund. The Trustee may establish temporary funds or accounts in its records to facilitate and record the above transfer of proceeds.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. Each such Requisition of the Authority shall be sufficient evidence to the Trustee of the facts stated therein, and the Trustee shall have no duty to confirm the accuracy of such facts. On the six month anniversary of the Closing Date, or upon the earlier Request of the Authority, all amounts remaining in the Costs of Issuance Fund shall be deposited in the Interest Account and the Costs of Issuance Fund shall be closed.

Section 3.04. Acquisition Fund. There is hereby established with the Trustee the Acquisition Fund, which fund the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it. The moneys in the Acquisition Fund shall be used and withdrawn by the Trustee as set forth in Section 3.05 of the Installment Purchase Agreement.

Section 3.05. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority, the District or the Trustee with respect to or in connection with the Installment Purchase Agreement. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in their issuance.



ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) The Bonds with stated maturities on or after February 1, 20\_\_ are subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the Authority in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on \_\_\_\_\_ 1, 20\_\_ or any date thereafter at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

In the event of an optional redemption, the Authority shall provide the Trustee with a revised sinking fund schedule giving effect to the optional redemptions so completed.

(b) The Bonds with stated maturities on February 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on February 1, 20\_\_ and each February 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (February 1)</i>	<i>Principal Amount</i>
20__	\$

\*

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\* Maturity.

The Bonds with stated maturities on February 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on February 1, 20\_\_ and each February 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (February 1)</i>	<i>Principal Amount</i>
20__	\$

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\* Final Maturity.

If some but not all of the Bonds maturing on February 1, 20\_\_ or February 1, 20\_\_ are redeemed pursuant to subsection (a), the principal amount of the applicable Bonds to be redeemed

pursuant to this subsection (b) on any subsequent February 1 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the Authority in a Certificate of the Authority filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the applicable Bonds redeemed pursuant to subsection (a).

Section 4.02. Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of \$5,000 in accordance with Section 4.01 hereof. The Trustee will promptly notify the Authority in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first class mail not less than twenty (20) days nor more than sixty (60) days before any Redemption Date, to the respective Owners of any Bonds that are designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, and shall designate the maturities, CUSIP numbers, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof that are designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any Bond. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys that are sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same series, interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall

cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee shall, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price.

All Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

## ARTICLE V

### REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

#### Section 5.01. Pledge and Assignment; Bond Payment Fund.

(a) All of the Authority Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account that is established pursuant to the Indenture (except the Rebate Fund) are hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Indenture. Said pledge shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act, and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

(b) The Authority, for good and valuable consideration in hand received, does hereby irrevocably assign and transfer to the Trustee without recourse, for the benefit of the Owners of the Bonds as set forth herein, all of its rights, title, and interest in all Series 2023 Installment Payments payable by the District pursuant to the Installment Purchase Agreement, including all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the Bonds). Such assignment shall be subject to and limited by the terms of the Indenture.

(c) There is hereby established with the Trustee the Bond Payment Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Series 2023 Installment Payments remain unpaid. Except as directed in Sections 5.06 and 5.08, all Authority Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Bond Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall be promptly deposited therein. All Authority Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee shall also create and maintain an Interest Account and a Principal Account within the Bond Payment Fund.

Section 5.02. Allocation of Authority Revenues. The Trustee shall transfer from the Bond Payment Fund and deposit into the following respective accounts the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Authority Revenues

sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the Business Day preceding each date on which the interest on the Bonds shall become due and payable hereunder, the Trustee shall deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the Bonds shall become due and payable hereunder, the Trustee shall deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such Bonds, upon written direction of the Authority, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Section 5.05. Application of Redemption Fund. There is hereby established with the Trustee, when needed, a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and accrued interest on the Bonds to be redeemed on any Redemption Date pursuant to Section 4.01(a); provided, however, that at any time prior to selection for redemption of any such Bonds, upon written direction of the Authority, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Section 5.06. Investments. All moneys in any of the funds or accounts that are established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement. Such investments shall be directed by the Authority pursuant to a Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such directions from the Authority, the Trustee shall invest any such moneys in Permitted Investments that are described in clause (B)(5) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only

if, prior to the date on which such investment is to be made, the Trustee shall have received a Direction from the Authority specifying a specific money market fund and, if no such Direction from the Authority is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder (except for interest or gain derived from the Permitted Investment described in clause (B)(7) of the definition thereof, which shall be retained in such Permitted Investment) shall be deposited in the Interest Account unless otherwise provided in the Indenture. For purposes of acquiring any investments hereunder, the Trustee may commingle funds (other than the Rebate Fund) held by it hereunder upon the Request of the Authority. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.06.

The Authority acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the Authority with periodic cash transaction statements which shall include detail for all investment transactions effected by the Trustee hereunder. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture. The Trustee may rely conclusively upon the investment direction of the Authority as to the suitability and legality of the directed investments.

The Authority shall invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate.

In determining the market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

#### Section 5.07. Rebate Fund.

(a) Establishment. The Trustee shall establish a separate fund designated the "Rebate Fund" when required in accordance herewith. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds will not be adversely affected, the Authority shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Bonds shall be governed by this Section and the Tax Certificate for the Bonds, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected, if such requirements are not satisfied.

Notwithstanding anything to the contrary herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the Authority; (ii) shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate; (iii) may rely conclusively on the Authority's calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the Authority's calculations or determinations thereunder.

(i) Computation. Within 55 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “**1½% Penalty**”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Bond Year, upon the Request of the Authority, an amount shall be deposited to the Rebate Fund by the Trustee from any Authority Revenues legally available for such purpose (as specified by the Authority in the aforesaid Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Request of the Authority, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Bond Payment Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Rebate Fund:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all of the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and

shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the Authority), or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in subsection (a) above being made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Bonds.

Section 5.08. Application of Funds and Accounts When No Bonds are Outstanding. On the date on which all Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to the Indenture shall be withdrawn by the Trustee and paid to the Authority for distribution in accordance with the Installment Purchase Agreement.

## ARTICLE VI

### PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest to become due in respect of all of the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Authority Revenues and other assets pledged for such payment as provided in the Indenture.

Section 6.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of the Indenture, except subject to the prior payment in full for the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the Authority Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the JPA Agreement, and reserves the right to issue other obligations for such purposes.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Authority Revenues and other assets that are pledged and assigned under the Indenture in the manner and to the extent that is provided in the Indenture. The Bonds and the provisions of the

Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Authority Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Section 6.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions that are undertaken by it relating to the proceeds of Bonds, the Authority Revenues and all funds and accounts that have been established by it pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the District upon reasonable prior notice during business hours and under reasonable circumstances.

Section 6.06. Tax Covenants. Notwithstanding any other provision of the Indenture or the Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code that are necessary to preserve such exclusion from gross income with respect to the Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will take no action and refrain from taking any action, and the Authority will make no use of the proceeds of the Bonds or of any other moneys or property, which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Authority will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, and the Authority will not take any action or refrain from taking any action, which will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The Authority will make no use of the proceeds of the Bonds, and the Authority will not take or omit to take any action, that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The Authority will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, and the Authority will not take any action or refrain from taking any action, that would cause the Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Authority takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and

(f) Miscellaneous. The Authority will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the



Authority in connection with the issuance of the Bonds and will comply with the covenants and requirements that are stated therein and incorporated by reference herein.

This Section and the covenants that are set forth herein shall not be applicable to, and nothing that is contained herein shall be deemed to prevent the Authority from issuing revenue bonds or executing and delivering contracts that are payable on a parity with the Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Section 6.07. Payments Under Installment Purchase Agreement. The Authority shall promptly collect all Series 2023 Installment Payments due from the District pursuant to the Installment Purchase Agreement and, subject to the provisions of Article VIII, shall enforce and take all steps, actions and proceedings which the Authority or the Trustee determines to be reasonably necessary for the enforcement of all of the obligations of the District thereunder.

The Authority shall not enter into any amendments to the Installment Purchase Agreement except as permitted therein. The Trustee shall give written consent only if: (a) such amendment, modification or termination will not materially adversely affect the interests of the Bond Owners; or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Section 6.08. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.09. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Section 6.10. Eminent Domain. If all or any part of the Water System shall be taken by eminent domain proceedings (or sold to a government entity that is threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner that is specified in Section 6.16 of the Installment Purchase Agreement.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default by the Authority in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise.

(b) Default by the Authority in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee or by the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such sixty (60) day period, and corrective action is instituted by the Authority within such sixty (60) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder.

(d) The Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Section 7.02. Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and, at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, upon notice in writing to the Authority and the District, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

Nothing contained in the Indenture shall permit or require the Trustee or the Authority to accelerate payments due under the Installment Purchase Agreement if the District, which is a party to such Installment Purchase Agreement, is not in default of its obligation thereunder.

Any such declaration is subject to the condition that if, at any time after such declaration, but before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the District shall deposit with the Trustee an amount that is sufficient to pay all the principal of and installments of interest on the Bonds the payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds that is due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case the Trustee shall on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or affect any subsequent Event of Default or impair or exhaust any right or power consequent thereon.

Section 7.03. Application of Authority Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Authority Revenues then held or thereafter received by the Trustee and any other funds then held or thereafter received by the Trustee under any of the

provisions of the Indenture (other than amounts held in the Rebate Fund) shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses that are necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and to the payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture; and

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the Indenture, in the following order of priority:

First: To the payment to the persons that are entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount that is available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount that is available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Third: If there shall exist any remainder after the foregoing payments, such remainder shall be paid to the Authority.

Section 7.04. Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds or the Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds or the Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Authority Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action

or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Section 7.05. Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing that are executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners who are not parties to such direction.

Section 7.06. Suit by Owners. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Installment Purchase Agreement, the JPA Agreement or any other applicable law with respect to such Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed 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 Trustee; and (e) no direction which is inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, the Indenture, the Installment Purchase Agreement, the JPA Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Section 7.07. Absolute Obligation of the Authority. Nothing in this Section or in any other provision of the Indenture or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Authority Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies,

and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence 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.

## ARTICLE VIII

### THE TRUSTEE

#### Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture, and no implied covenants or duties shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may remove the Trustee upon thirty (30) days prior notice, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee. The Authority shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing.

(d) No removal, resignation or termination of the Trustee shall become effective until a successor shall be qualified and appointed and shall have accepted its appointment. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee that is appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect

as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all of the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property that is subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee that is appointed under the provisions of this Section in succession to the Trustee shall be a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets or a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets. If such national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority that is referred to above, then for the purpose of this subsection, the combined capital and surplus of such national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02. Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated, any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such trust company, banking association or bank shall be eligible under Section 8.01(e), shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture, the Bonds or the Installment Purchase Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as 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 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment that is made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for herein) in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture.

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder or under the Installment Purchase Agreement or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder or under the Installment Purchase Agreement unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by the Authority or the Owners of not less than twenty-five percent (25%) of the Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority or the District of any of the terms, conditions, covenants or agreements herein, or under the Installment Purchase Agreement, of any of the documents executed in connection with the Bonds or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral that is given to or held by it.

(f) No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers that are vested in it by the Indenture at the request or direction of Owners pursuant to the Indenture unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy that is conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(h) Whether or not herein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

(i) The Trustee shall have no responsibility or liability with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(j) The immunities that are extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosions, mob violence, riots, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the 2023 Project, malicious mischief, condemnation and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to the Indenture and delivered using Electronic Means (“**Electronic Means**”), which shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee acts upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the



method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedure.

(n) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(o) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, 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 and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Trustee's Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee 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 is specifically prescribed herein) may be deemed to be conclusively proved and established by a Certificate, Request or Requisition of the Authority, and such Certificate, Request or Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents that are received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the District and any Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Compensation and Indemnification. The Authority shall pay to the Trustee from time to time reasonable compensation for all services that are rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture.

The Authority shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred without negligence or bad faith on its part, arising out of or in connection with the execution of the Indenture, acceptance or administration of this trust,

including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 8.06 shall survive removal or resignation of the Trustee hereunder or the discharge of the Bonds and the Indenture.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE INDENTURE

#### Section 9.01. Amendments Permitted.

(a) The Indenture and the rights and obligations of the Authority, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the prior written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, exclusive of Bonds that are disqualified as provided in Section 11.09, have been filed with the Trustee. No such modification or amendment may: (1) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected; or (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under the Indenture prior to or on a parity with the lien that is created by the Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by the Indenture on such Authority Revenues and other assets except as permitted herein, without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and the rights and obligations of the Authority, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the

Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereunder in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and

(4) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture that is authorized by subsections (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the Bonds from federal income taxation and the exclusion of interest on the Bonds from state income taxation.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his or her Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment that is contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Bond Owner.

## ARTICLE X

### DEFEASANCE

Section 10.01. Discharge of Indenture. The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

- (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums that are payable hereunder by the Authority, then and in that case, at the election of the Authority (as evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Authority Revenues and other assets under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to the Authority.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Outstanding Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities that are deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds that were previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or

held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(a) lawful money of the United States of America in an amount that is equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds and all unpaid interest and premium, if any, thereon to the redemption date; or

(b) Federal Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant filed with the Authority and the Trustee, provide money that is sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date (with premium, if any), as the case may be, on the Bonds to be paid or redeemed, as such principal, interest and premium, if any, become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Authority) to apply such money to the payment of such principal, interest and premium, if any, with respect to such Bonds; and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that such Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's opinion referred to above).

Section 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys which are held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and which remain unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid (without liability for interest) to the Authority free from the trusts created by the Indenture upon receipt of an indemnification agreement that is acceptable to the Authority and the Trustee indemnifying the Trustee with respect to claims of Owners of Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall at the written direction of the Authority (at the cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Authority Revenues. Notwithstanding anything in the Indenture or the Bonds, the Authority shall not be required to advance any moneys

derived from any source other than the Authority Revenues and other moneys pledged under the Indenture for any of the purposes of the Indenture, whether for the payment of the principal of or interest on the Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

The Bonds are not a debt of the members of the Authority, the State or any of its political subdivisions (other than the Authority) and neither the members of the Authority, said State nor any of its political subdivisions (other than the Authority) is liable thereon. The District shall have no liability or obligation herein except with respect to Series 2023 Installment Payments payable under the Installment Purchase Agreement.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements in the Indenture by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and Bond Owners. Nothing in the Indenture or in the Bonds, express or implied, is intended or shall be construed to give to any person other than the Authority, the Trustee, the District and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture 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 Trustee, the District and the Owners of the Bonds.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person who is entitled to receive such notice, and in any such 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. Whenever in the Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall destroy such Bonds as may be allowed by law and upon request deliver a certificate of such destruction to the Authority.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in the Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in the Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of the Indenture, and the Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. Any notice to or demand upon the Authority or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or by being deposited, first class mail, postage prepaid, in a post office box, to the Authority at 19400 Hartmann Road, Hidden Valley Lake, California 95467, Attention: Executive Director (or such other address as may have been filed in writing by the Authority with the Trustee), or to the Trustee at its Office by first class mail. Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

Section 11.08. Evidence of Rights of Bond Owners. Any request, consent or other instrument that is required or permitted by the Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The Ownership of Bonds shall be proved by the Registration Books. Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority, or by any other obligor on the Bonds, or by any person that is directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person that is directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the Authority shall certify to the Trustee those Bonds that are disqualified pursuant to this Section 11.09 and the Trustee may conclusively rely on such certificate.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds

entitled thereto, subject, however, to the provisions of Section 10.04 hereof, but without any liability for interest thereon.

Section 11.11. Funds and Accounts. Any fund or account that is required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.12. Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the Authority or the District shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by the Indenture.

Section 11.13. Execution in Several Counterparts. The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. CUSIP Numbers. Neither the Trustee nor the Authority shall be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholders and that neither the Authority nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 11.15. Choice of Law. THE INDENTURE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

Section 11.16. Notice to Rating Agencies. The Trustee shall provide any rating agency rating the Bonds with written notice of each amendment to the Indenture and a copy thereof at least 15 days in advance of its execution.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]*



IN WITNESS WHEREOF, the Authority has caused the Indenture to be signed in its name by its Chair and attested by its Secretary, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

HIDDEN VALLEY LAKE COMMUNITY  
SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY

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

ATTEST:

\_\_\_\_\_  
Secretary

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

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

**EXHIBIT A**

**FORM OF BOND**

***UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.***

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT  
PUBLIC FINANCING AUTHORITY  
WATER REVENUE BONDS, SERIES 2023A

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	February 1, 20__	November __, 2023	_____

REGISTERED OWNER      CEDE & CO.

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

The HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency that is duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond (unless: (i) this Bond is authenticated after the fifteenth day of the calendar month preceding an interest payment date, whether or not such day is a business day, and on or before the following interest payment date, in which event it shall bear interest from such interest payment date; or (ii) this Bond is authenticated on or before January 15, 2024, in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond), at the Interest Rate per annum specified above, payable semiannually on February 1 and August 1 of each year, commencing February 1, 2024, calculated on the basis of a 360 day year composed of twelve 30

day months. Principal hereof and premium, if any, upon early redemption hereof are payable by check of the Trustee upon presentation and surrender hereof at the Office (as defined in the hereinafter described Indenture) of U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Interest hereon is payable by check of the Trustee sent by first class mail on the applicable interest payment date to the Registered Owner hereof at the Registered Owner’s address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each interest payment date (except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such registered owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such registered owner prior to the fifteenth (15th) day of the month preceding such interest payment date).

Capitalized terms that are used herein and not defined shall have the meanings that are given to such terms in the Indenture.

This Bond is not a debt of the members of the Authority, the State of California, or any of its political subdivisions (other than the Authority), and neither the members of the Authority or said State, nor any of its political subdivisions (other than the Authority), is liable hereon, nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Authority Revenues (as such term is defined in the Indenture of Trust, dated as of November 1, 2023 (the “Indenture”), by and between the Authority and the Trustee) and other moneys pledged therefor under the Indenture. The obligation of the Hidden Valley Lake Community Services District (the “District”) to make payments in accordance with the Installment Purchase Agreement (as such term is defined in the Indenture) is a limited obligation of the District as set forth in the Installment Purchase Agreement and the District shall have no liability or obligation in connection herewith except with respect to such Series 2023 Installment Payments to be made pursuant to the Installment Purchase Agreement. The Bonds do not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limitation or restriction.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “Hidden Valley Lake Community Services District Public Financing Authority Water Revenue Bonds, Series 2023A” (the “Bonds”), of an aggregate principal amount of \_\_\_ Million \_\_\_ Hundred \_\_\_ Thousand Dollars (\$\_\_\_), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates) and all issued pursuant to the provisions of the Joint Exercise of Powers Agreement, dated September 28, 2023 (the “JPA Agreement”), by and between the District and California Statewide Communities Development Authority, a public body, corporate and politic, duly organized and existing under the laws of the State, as amended from time to time and the laws of the State of California and pursuant to the Indenture and the resolution authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Authority Revenues, and the rights thereunder of the Owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. The Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Bonds have been issued by the Authority to finance certain public capital improvements and related costs, as more fully described in the Installment Purchase Agreement.

This Bond and the interest, premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the Authority, and are payable from, and are secured by a pledge and lien on the Authority Revenues, including all Series 2023 Installment Payments received from the District by the Authority or the Trustee, and any other amounts on deposit in certain funds and accounts created under the Indenture. As and to the extent set forth in the Indenture, all of the Authority Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The Indenture and the rights and obligations of the Authority and the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, exclusive of Bonds disqualified as set forth in the Indenture, in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment may: (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected; or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Authority Revenues and other assets, except as expressly provided in the Indenture, without the consent of the Owners of all of the Bonds then Outstanding.

The Indenture and the rights and obligations of the Authority, the Trustee and the Owners of the Bonds may also be modified or amended for certain purposes described more fully in the Indenture at any time in the manner, to the extent and upon the terms provided in the Indenture by a supplemental indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such supplemental indenture will not materially adversely affect the interests of the Owners of the Outstanding Bonds.

The Bonds with stated maturities on or after February 1, 20\_\_, are subject to redemption prior to their respective stated maturities, as a whole or in part as directed by the Authority in a Request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of \$5,000, on \_\_\_\_ 1, 20\_\_ or any date thereafter at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium.

The Bonds with stated maturities on February 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on February 1, 20\_\_ and each February 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (February 1)</i>	<i>Principal Amount</i>
20__	\$

\*

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\* Maturity.

The Bonds with stated maturities on February 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on February 1, 20\_\_ and each February 1 thereafter, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (February 1)</i>	<i>Principal Amount</i>
20__	\$

\*

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\* Final Maturity.

If some but not all of the Bonds maturing on February 1, 20\_\_ or February 1, 20\_\_ are redeemed pursuant to subsection (a), the principal amount of the applicable Bonds to be redeemed pursuant to this subsection (b) on any subsequent February 1 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the Authority in a Certificate of the Authority filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the applicable Bonds redeemed pursuant to subsection (a).

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than twenty (20) days nor more than sixty (60) days prior to the redemption date to the respective Owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither the failure to receive such notice nor any defect in the notice or the mailing thereof shall affect the validity of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the Bonds and the interest accrued thereon may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney in writing, at said office of the Trustee but only in the manner, subject to the

limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds of the same series, of authorized denomination or denominations, for the same aggregate principal amount of the same maturity will be issued to the transferee in exchange therefor.

Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series and same maturity, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts that are required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the JPA Agreement, and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit under any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Chair and attested to by the manual or facsimile signature of its Secretary, all as of the Original Issue Date specified above.

HIDDEN VALLEY LAKE COMMUNITY  
SERVICES DISTRICT PUBLIC FINANCING  
AUTHORITY

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

Attest:

\_\_\_\_\_  
Secretary of the Board

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture.

Dated: November \_\_, 2023

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

\_\_\_\_\_  
Secretary of the Board of the Hidden Valley Lake  
Community Services District Public Financing  
Authority

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

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

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

the within registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_  
\_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee  
with full power of substitution in the premises.

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

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

Signature Guaranteed:

\_\_\_\_\_  
Note: Signature guarantee shall be made by a  
guarantor institution participating in the  
Securities Transfer Agents Medallion Program  
or in such other guarantee program acceptable  
to the Trustee.



SORTED BY FUND

VENDOR	NAME	NO# INVOICES	TOTAL AMOUNT	1099	G/L ACCT NO#	G/L NAME	G/L AMOUNT
01-1086	CALIFORNIA SPECIAL DISTRI			N		FUND TOTAL FOR VENDOR	62.50
01-11	STATE OF CALIFORNIA EDD			N		FUND TOTAL FOR VENDOR	1,909.72
01-111	JAMES DAY CONSTRUCTION, I			N		FUND TOTAL FOR VENDOR	397.00
01-1392	MEDIACOM			N		FUND TOTAL FOR VENDOR	258.64
01-1705	SPECIAL DISTRICT RISK MAN			N		FUND TOTAL FOR VENDOR	20,058.20
01-1722	US DEPARTMENT OF THE TREA			N		FUND TOTAL FOR VENDOR	4,824.98
01-1751	USA BLUE BOOK			N		FUND TOTAL FOR VENDOR	2,640.78
01-1961	ACWA/JPIA			N		FUND TOTAL FOR VENDOR	529.74
01-21	CALIFORNIA PUBLIC EMPLOYE			N		FUND TOTAL FOR VENDOR	7,418.86
01-2111	DATAPROSE, LLC			N		FUND TOTAL FOR VENDOR	440.08
01-2195	TELSTAR INSTRUMENTS			N		FUND TOTAL FOR VENDOR	9,177.60
01-2283	ARMED FORCE PEST CONTROL,			N		FUND TOTAL FOR VENDOR	2,632.50
01-2538	HARDESTER'S MARKETS & HAR			N		FUND TOTAL FOR VENDOR	171.81
01-2598	VERIZON WIRELESS			N		FUND TOTAL FOR VENDOR	681.30
01-2667	COUNTY OF LAKE SOLID WAST			N		FUND TOTAL FOR VENDOR	13.54
01-2672	ADTS, INC			N		FUND TOTAL FOR VENDOR	52.25
01-2816	ELAN CARDMEMBER SERVICE			N		FUND TOTAL FOR VENDOR	13,674.26
01-2820	ALPHA ANALYTICAL LABORATO			N		FUND TOTAL FOR VENDOR	5,290.00
01-2823	GARDENS BY JILLIAN			N		FUND TOTAL FOR VENDOR	100.00
01-2825	NATIONWIDE RETIREMENT SOL			N		FUND TOTAL FOR VENDOR	1,400.00
01-2847	ALYSSA GORDON			N		FUND TOTAL FOR VENDOR	421.44
01-2860	WESTGATE PETROLEUM CO., I			N		FUND TOTAL FOR VENDOR	1,291.79
01-2876	BOLD POLISNER MADDOW NELS			N		FUND TOTAL FOR VENDOR	2,536.25
01-2880	MIDDLETOWN COPY & PRINT			N		FUND TOTAL FOR VENDOR	160.87
01-2909	STREAMLINE			N		FUND TOTAL FOR VENDOR	124.50
01-2917	AT&T MOBILITY			N		FUND TOTAL FOR VENDOR	45.40
01-2945	APPLIED TECHNOLOGY SOLUTI			N		FUND TOTAL FOR VENDOR	540.50

VENDOR SET: 01 Hidden Valley Lake

VENDOR CLASS(ES): ALL CLASSES

REPORTING FUND NO#: 120 SEWER ENTERPRISE FUN

SORTED BY FUND

VENDOR	NAME	NO# INVOICES	TOTAL AMOUNT	1099	G/L ACCT NO#	G/L NAME	G/L AMOUNT
01-2950	AFLAC			N		FUND TOTAL FOR VENDOR	168.58
01-2951	JENFITCH, LLC			N		FUND TOTAL FOR VENDOR	4,787.67
01-3022	WELLS FARGO FINANCIAL LEA			N		FUND TOTAL FOR VENDOR	183.95
01-3023	JL MECHANICAL			N		FUND TOTAL FOR VENDOR	896.65
01-3027	DONNA MAHONEY			N		FUND TOTAL FOR VENDOR	52.40
01-3051	DEMARCO DESIGN			N		FUND TOTAL FOR VENDOR	97.50
01-3054	SMALLCOMB, LISA			N		FUND TOTAL FOR VENDOR	39.30
01-3058	NATHAN REESE			N		FUND TOTAL FOR VENDOR	145.69
01-3061	ODP BUSINESS SOLUTIONS, L			N		FUND TOTAL FOR VENDOR	172.20
01-3071	BARTKIEWICZ, KRONICK & SH			N		FUND TOTAL FOR VENDOR	862.50
01-3079	PUMPMAN NORCAL			N		FUND TOTAL FOR VENDOR	13,739.29
01-3085	WEST YOST & ASSOCIATES, I			N		FUND TOTAL FOR VENDOR	18,759.12
01-3087	SERVICO BUILDING MAINTENA			N		FUND TOTAL FOR VENDOR	1,066.66
01-3093	LAKE COUNTY WASTE SOLUTIO			N		FUND TOTAL FOR VENDOR	303.08
01-3094	WATER DISTRICT JOBS			N		FUND TOTAL FOR VENDOR	72.50
01-8	AT&T			N		FUND TOTAL FOR VENDOR	660.28
01-9	PACIFIC GAS & ELECTRIC CO			N		FUND TOTAL FOR VENDOR	7,102.93
01-981	U S POSTMASTER			N		FUND TOTAL FOR VENDOR	155.00
*** FUND TOTALS ***							126,119.81

VENDOR	NAME	NO# INVOICES	TOTAL AMOUNT	1099	G/L ACCT NO#	G/L NAME	G/L AMOUNT
01-1	MISCELLANEOUS VENDOR			N		FUND TOTAL FOR VENDOR	450.37
01-1086	CALIFORNIA SPECIAL DISTRI			N		FUND TOTAL FOR VENDOR	62.50
01-11	STATE OF CALIFORNIA EDD			N		FUND TOTAL FOR VENDOR	1,921.06
01-111	JAMES DAY CONSTRUCTION, I			N		FUND TOTAL FOR VENDOR	795.00
01-1392	MEDIACOM			N		FUND TOTAL FOR VENDOR	258.64
01-1531	CALIFORNIA RURAL WATER AS			N		FUND TOTAL FOR VENDOR	1,299.00
01-1705	SPECIAL DISTRICT RISK MAN			N		FUND TOTAL FOR VENDOR	20,058.17
01-1722	US DEPARTMENT OF THE TREA			N		FUND TOTAL FOR VENDOR	4,900.98
01-1961	ACWA/JPIA			N		FUND TOTAL FOR VENDOR	529.72
01-21	CALIFORNIA PUBLIC EMPLOYE			N		FUND TOTAL FOR VENDOR	7,058.37
01-2111	DATAPROSE, LLC			N		FUND TOTAL FOR VENDOR	440.09
01-2195	TELSTAR INSTRUMENTS			N		FUND TOTAL FOR VENDOR	4,316.95
01-2283	ARMED FORCE PEST CONTROL,			N		FUND TOTAL FOR VENDOR	102.50
01-2538	HARDESTER'S MARKETS & HAR			N		FUND TOTAL FOR VENDOR	228.65
01-2598	VERIZON WIRELESS			N		FUND TOTAL FOR VENDOR	681.30
01-2667	COUNTY OF LAKE SOLID WAST			N		FUND TOTAL FOR VENDOR	13.54
01-2672	ADTS, INC			N		FUND TOTAL FOR VENDOR	52.25
01-2702	PACE SUPPLY CORP			N		FUND TOTAL FOR VENDOR	10,329.63
01-2788	GHD			N		FUND TOTAL FOR VENDOR	18,696.34
01-2816	ELAN CARDMEMBER SERVICE			N		FUND TOTAL FOR VENDOR	14,719.83
01-2820	ALPHA ANALYTICAL LABORATO			N		FUND TOTAL FOR VENDOR	1,950.00
01-2823	GARDENS BY JILLIAN			N		FUND TOTAL FOR VENDOR	100.00
01-2825	NATIONWIDE RETIREMENT SOL			N		FUND TOTAL FOR VENDOR	1,400.00
01-2827	SMITH CONSTRUCTION			N		FUND TOTAL FOR VENDOR	700.00
01-2842	COASTLAND CIVIL ENGINEERI			N		FUND TOTAL FOR VENDOR	41,617.88
01-2847	ALYSSA GORDON			N		FUND TOTAL FOR VENDOR	421.45
01-2860	WESTGATE PETROLEUM CO., I			N		FUND TOTAL FOR VENDOR	1,291.80

SORTED BY FUND

VENDOR	NAME	NO# INVOICES	TOTAL AMOUNT	1099	G/L ACCT NO#	G/L NAME	G/L AMOUNT
01-2876	BOLD POLISNER MADDOW NELS			N		FUND TOTAL FOR VENDOR	2,536.25
01-2878	BADGER METER			N		FUND TOTAL FOR VENDOR	179,640.12
01-2880	MIDDLETOWN COPY & PRINT			N		FUND TOTAL FOR VENDOR	579.16
01-2909	STREAMLINE			N		FUND TOTAL FOR VENDOR	124.50
01-2917	AT&T MOBILITY			N		FUND TOTAL FOR VENDOR	45.40
01-2945	APPLIED TECHNOLOGY SOLUTI			N		FUND TOTAL FOR VENDOR	540.50
01-2950	AFLAC			N		FUND TOTAL FOR VENDOR	168.58
01-3022	WELLS FARGO FINANCIAL LEA			N		FUND TOTAL FOR VENDOR	183.96
01-3023	JL MECHANICAL			N		FUND TOTAL FOR VENDOR	896.65
01-3027	DONNA MAHONEY			N		FUND TOTAL FOR VENDOR	52.40
01-3051	DEMARCO DESIGN			N		FUND TOTAL FOR VENDOR	97.50
01-3054	SMALLCOMB, LISA			N		FUND TOTAL FOR VENDOR	39.30
01-3057	HERO RENTS			N		FUND TOTAL FOR VENDOR	585.01
01-3058	NATHAN REESE			N		FUND TOTAL FOR VENDOR	145.70
01-3061	ODP BUSINESS SOLUTIONS, L			N		FUND TOTAL FOR VENDOR	172.21
01-3071	BARTKIEWICZ, KRONICK & SH			N		FUND TOTAL FOR VENDOR	862.50
01-3079	PUMPMAN NORCAL			N		FUND TOTAL FOR VENDOR	4,066.65
01-3081	BENNETT ENGINEERING SERVI			N		FUND TOTAL FOR VENDOR	55,453.24
01-3085	WEST YOST & ASSOCIATES, I			N		FUND TOTAL FOR VENDOR	18,759.13
01-3087	SERVICO BUILDING MAINTENA			N		FUND TOTAL FOR VENDOR	533.34
01-3093	LAKE COUNTY WASTE Solutio			N		FUND TOTAL FOR VENDOR	303.08
01-3094	WATER DISTRICT JOBS			N		FUND TOTAL FOR VENDOR	72.50
01-3095	BRELJE & RACE CONSULTING			N		FUND TOTAL FOR VENDOR	3,305.00
01-8	AT&T			N		FUND TOTAL FOR VENDOR	660.27
01-9	PACIFIC GAS & ELECTRIC CO			N		FUND TOTAL FOR VENDOR	22,890.51
01-981	U S POSTMASTER			N		FUND TOTAL FOR VENDOR	155.00
*** FUND TOTALS ***							427,264.48

VENDOR SET: 01 Hidden Valley Lake

VENDOR CLASS(ES): ALL CLASSES

REPORTING FUND NO#: 140 FLOOD ENTERPRISE FUN

SORTED BY FUND

VENDOR	NAME	NO# INVOICES	TOTAL AMOUNT	1099	G/L ACCT NO#	G/L NAME	G/L AMOUNT
01-9	PACIFIC GAS & ELECTRIC CO				N	FUND TOTAL FOR VENDOR	72.07
*** FUND TOTALS ***							72.07
*** REPORT TOTALS ***			553,456.36				553,456.36

\*G / L EXPENSE DISTRIBUTION\*

ACCOUNT NUMBER	ACCOUNT NAME	AMOUNT
120 2075	AFLAC	168.58
120 2088	SURVIVOR BENEFITS - PERS	12.83
120 2090	PERS PAYABLE	3,218.45
120 2091	FIT PAYABLE	3,503.25
120 2092	CIT PAYABLE	1,504.15
120 2093	SOCIAL SECURITY PAYABLE	18.23
120 2094	MEDICARE PAYABLE	642.56
120 2095	S D I PAYABLE	398.80
120 2099	DEFERRED COMP - 457 PLAN	1,400.00
120 5-00-5020	EMPLOYEE BENEFITS	2,442.62
120 5-00-5024	WORKERS' COMP INSURANCE	978.89
120 5-00-5025	RETIREE HEALTH BENEFITS	1,470.84
120 5-00-5060	GASOLINE, OIL & FUEL	1,291.79
120 5-00-5061	VEHICLE MAINT	6,507.66
120 5-00-5080	MEMBERSHIP & SUBSCRIPTIONS	344.10
120 5-00-5092	POSTAGE & SHIPPING	232.27
120 5-00-5121	LEGAL SERVICES	3,398.75
120 5-00-5130	PRINTING & PUBLICATION	650.49
120 5-00-5135	NEWSLETTER	97.50
120 5-00-5145	EQUIPMENT RENTAL	183.95
120 5-00-5148	OPERATING SUPPLIES	5,562.46
120 5-00-5150	REPAIR & REPLACE	27,094.84
120 5-00-5155	MAINT BLDG & GROUNDS	2,746.04
120 5-00-5156	CUSTODIAL SERVICES	1,066.66
120 5-00-5191	TELEPHONE	1,645.62
120 5-00-5192	ELECTRICITY	7,102.93
120 5-00-5193	OTHER UTILITIES	303.08
120 5-00-5194	IT SERVICES	540.50
120 5-00-5195	ENV/MONITORING	5,290.00

VENDOR SET: 01 Hidden Valley Lake

VENDOR CLASS(ES): ALL CLASSES

REPORTING FUND NO#: 140 FLOOD ENTERPRISE FUN

SORTED BY FUND

\*G/L EXPENSE DISTRIBUTION\*

ACCOUNT NUMBER	ACCOUNT NAME	AMOUNT
120 5-00-5315	SAFETY EQUIPMENT	141.95
120 5-10-5010	SALARIES & WAGES	301.44
120 5-10-5020	EMPLOYEE BENEFITS	5,855.32
120 5-10-5021	RETIREMENT BENEFITS	2,125.49
120 5-10-5090	OFFICE SUPPLIES	337.35
120 5-10-5170	TRAVEL MILEAGE	513.14
120 5-10-5175	EDUCATION / SEMINARS	937.50
120 5-10-5179	ADM MISC EXPENSES	246.99
120 5-30-5010	SALARIES & WAGES	340.35
120 5-30-5020	EMPLOYEE BENEFITS	9,028.59
120 5-30-5021	RETIREMENT BENEFITS	2,062.09
120 5-30-5022	CLOTHING ALLOWANCE	152.94
120 5-30-5090	OFFICE SUPPLIES	195.30
120 5-30-5170	TRAVEL MILEAGE	1,304.18
120 5-30-5175	EDUCATION / SEMINARS	720.00
120 5-40-5010	DIRECTORS COMPENSATION	19.15
120 5-40-5020	DIRECTOR BENEFITS	5.75
120 5-40-5030	DIRECTOR HEALTH BENEFITS	3,255.32
120 5-70-7202	DISASTER MITIGATION	18,759.12
	** FUND TOTAL **	126,119.81
130 1052	ACCTS REC WATER USE	450.37
130 2075	AFLAC	168.58
130 2088	SURVIVOR BENEFITS - PERS	12.28
130 2090	PERS PAYABLE	3,107.16
130 2091	FIT PAYABLE	3,610.89
130 2092	CIT PAYABLE	1,525.18
130 2093	SOCIAL SECURITY PAYABLE	18.23
130 2094	MEDICARE PAYABLE	626.89
130 2095	S D I PAYABLE	389.12
130 2099	DEFERRED COMP - PLAN 457 PAYAB	1,400.00
130 5-00-5020	EMPLOYEE BENEFITS	2,442.67
130 5-00-5024	WORKERS' COMP INSURANCE	978.89
130 5-00-5025	RETIREE HEALTH BENEFITS	1,470.84
130 5-00-5060	GASOLINE, OIL & FUEL	1,291.80
130 5-00-5061	VEHICLE MAINT	6,507.68
130 5-00-5080	MEMBERSHIP & SUBSCRIPTIONS	1,643.11
130 5-00-5092	POSTAGE & SHIPPING	232.28
130 5-00-5121	LEGAL SERVICES	3,398.75
130 5-00-5130	PRINTING & PUBLICATION	650.50
130 5-00-5135	NEWSLETTER	97.50
130 5-00-5145	EQUIPMENT RENTAL	768.97
130 5-00-5150	REPAIR & REPLACE	19,172.83
130 5-00-5155	MAINT BLDG & GROUNDS	216.04
130 5-00-5156	CUSTODIAL SERVICES	533.34
130 5-00-5191	TELEPHONE	1,645.61
130 5-00-5192	ELECTRICITY	22,890.51

VENDOR SET: 01 Hidden Valley Lake

VENDOR CLASS(ES): ALL CLASSES

REPORTING FUND NO#: 140 FLOOD ENTERPRISE FUN

SORTED BY FUND

\*G/L EXPENSE DISTRIBUTION\*

ACCOUNT NUMBER	ACCOUNT NAME	AMOUNT
130 5-00-5193	OTHER UTILITIES	303.08
130 5-00-5194	IT SERVICES	3,649.27
130 5-00-5195	ENV/MONITORING	1,950.00
130 5-00-5315	SAFETY EQUIPMENT	141.95
130 5-10-5010	SALARIES & WAGES	301.39
130 5-10-5020	EMPLOYEE BENEFITS	5,855.29
130 5-10-5021	RETIREMENT BENEFITS	2,125.41
130 5-10-5090	OFFICE SUPPLIES	337.38
130 5-10-5170	TRAVEL MILEAGE	513.15
130 5-10-5175	EDUCATION / SEMINARS	937.50
130 5-10-5179	ADM MISC EXPENSES	247.02
130 5-30-5010	SALARIES & WAGES	324.48
130 5-30-5020	EMPLOYEE BENEFITS	9,028.57
130 5-30-5021	RETIREMENT BENEFITS	1,813.52
130 5-30-5022	CLOTHING ALLOWANCE	152.95
130 5-30-5090	OFFICE SUPPLIES	195.30
130 5-30-5170	TRAVEL MILEAGE	1,304.19
130 5-30-5175	EDUCATION / SEMINARS	1,420.00
130 5-40-5010	DIRECTORS COMPENSATION	19.10
130 5-40-5020	DIRECTOR BENEFITS	5.75
130 5-40-5030	DIRECTOR HEALTH BENEFITS	3,255.31
130 5-70-7202	DISASTER MITIGATION	18,759.13
130 5-70-7204	RELIABLE WATER SUPPLY	299,374.72
	** FUND TOTAL **	427,264.48
140 5-00-5192	ELECTRICITY	72.07
	** FUND TOTAL **	72.07

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 \*\* TOTAL \*\* 553,456.36

NO ERRORS

SELECTION CRITERIA

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VENDOR SET: 01 Hidden Valley Lake  
VENDOR: ALL  
BANK: ALL  
VENDOR CLASS(ES): ALL CLASSES  
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TRANSACTION SELECTION

REPORTING: PAID ITEMS ,G/L DIST

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PAID ITEMS DATES : 9/01/2023 THRU 9/30/2023      =====ITEM DATES=====      0/00/0000 THRU 99/99/9999      =====POSTING DATES=====      0/00/0000 THRU 99/99/9999  
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PRINT OPTIONS

REPORT SEQUENCE: FUND  
G/L EXPENSE DISTRIBUTION: YES  
CHECK RANGE: 000000 THRU 999999  
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120-SEWER ENTERPRISE FUND  
 FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>					
ALL REVENUE	<u>2,381,939.00</u>	<u>252,564.90</u>	<u>660,190.50</u>	<u>1,721,748.50</u>	<u>27.72</u>
TOTAL REVENUES	<u>2,381,939.00</u>	<u>252,564.90</u>	<u>660,190.50</u>	<u>1,721,748.50</u>	<u>27.72</u>
<u>EXPENDITURE SUMMARY</u>					
NON-DEPARTMENTAL	1,146,098.00	69,065.73	315,350.37	830,747.63	27.52
ADMINISTRATION	456,334.00	30,916.01	121,129.26	335,204.74	26.54
FIELD	488,235.00	39,716.98	143,410.01	344,824.99	29.37
DIRECTORS	52,772.00	3,380.22	10,140.66	42,631.34	19.22
CAPITAL PROJECTS & EQUIP	<u>238,500.00</u>	<u>18,759.12</u>	<u>30,671.15</u>	<u>207,828.85</u>	<u>12.86</u>
TOTAL EXPENDITURES	<u>2,381,939.00</u>	<u>161,838.06</u>	<u>620,701.45</u>	<u>1,761,237.55</u>	<u>26.06</u>
REVENUES OVER/(UNDER) EXPENDITURES	0.00	90,726.84	39,489.05	( 39,489.05)	0.00

120-SEWER ENTERPRISE FUND  
 REVENUES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-4020 INSPECTION FEES	1,000.00	0.00	100.00	900.00	10.00
120-4036 DEVELOPER FEES SEWER	0.00	0.00	0.00	0.00	0.00
120-4040 LIEN RECORDING FEES	0.00	0.00	0.00	0.00	0.00
120-4045 AVAILABILITY FEES	7,181.00	3,051.60	3,051.60	4,129.40	42.50
120-4050 SALES OF RECLAIMED WATER	168,451.00	34,775.79	98,914.70	69,536.30	58.72
120-4111 COMM SEWER USE	85,538.00	9,946.61	24,834.07	60,703.93	29.03
120-4112 GOV'T SEWER USE	1,200.00	117.47	344.08	855.92	28.67
120-4116 SEWER USE CHARGES	1,913,136.00	159,738.98	479,712.62	1,433,423.38	25.07
120-4210 LATE FEE	25,000.00	3,787.38	10,622.21	14,377.79	42.49
120-4300 MISC INCOME	500.00	0.50	2.66	497.34	0.53
120-4310 OTHER INCOME	2,000.00	52.36	182.59	1,817.41	9.13
120-4320 FEMA/CalOES GRANTS	0.00	0.00	0.00	0.00	0.00
120-4325 GRANTS	0.00	41,062.15	41,062.15 (	41,062.15)	0.00
120-4505 LEASE INCOME	0.00	0.00	0.00	0.00	0.00
120-4550 INTEREST INCOME	1,200.00	32.06	613.82	586.18	51.15
120-4580 TRANSFERS IN	176,733.00	0.00	0.00	176,733.00	0.00
120-4591 INCOME APPLICABLE TO PRIOR YRS	0.00	0.00	0.00	0.00	0.00
120-4955 Gain/Loss	0.00	0.00	750.00 (	750.00)	0.00
<b>TOTAL REVENUES</b>	<b>2,381,939.00</b>	<b>252,564.90</b>	<b>660,190.50</b>	<b>1,721,748.50</b>	<b>27.72</b>

120-SEWER ENTERPRISE FUND  
NON-DEPARTMENTAL  
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-00-5010 SALARY & WAGES	0.00	0.00	0.00	0.00	0.00
120-5-00-5020 EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	0.00
120-5-00-5021 RETIREMENT BENEFITS	0.00	0.00	0.00	0.00	0.00
120-5-00-5024 WORKERS' COMP INSURANCE	18,000.00	978.89	18,613.33 (	613.33)	103.41
120-5-00-5025 RETIREE HEALTH BENEFITS	18,533.00	1,470.84	2,941.68	15,591.32	15.87
120-5-00-5026 COBRA Health & Dental	0.00	0.00	0.00	0.00	0.00
120-5-00-5040 ELECTION EXPENSE	2,500.00	0.00	0.00	2,500.00	0.00
120-5-00-5050 DEPRECIATION	0.00	0.00	0.00	0.00	0.00
120-5-00-5060 GASOLINE, OIL & FUEL	30,000.00	1,291.79	4,061.04	25,938.96	13.54
120-5-00-5061 VEHICLE MAINT	26,415.00	6,507.66	9,264.52	17,150.48	35.07
120-5-00-5062 TAXES & LIC	800.00	0.00	0.00	800.00	0.00
120-5-00-5074 INSURANCE	129,000.00	0.00	132,574.01 (	3,574.01)	102.77
120-5-00-5075 BANK FEES	35,000.00	2,415.74	6,693.44	28,306.56	19.12
120-5-00-5080 MEMBERSHIP & SUBSCRIPTIONS	12,000.00	344.10	5,603.10	6,396.90	46.69
120-5-00-5092 POSTAGE & SHIPPING	9,000.00	231.94	1,579.86	7,420.14	17.55
120-5-00-5110 CONTRACTUAL SERVICES	0.00	0.00	0.00	0.00	0.00
120-5-00-5121 LEGAL SERVICES	20,000.00	3,398.75	3,663.50	16,336.50	18.32
120-5-00-5122 ENGINEERING SERVICES	75,000.00	0.00	0.00	75,000.00	0.00
120-5-00-5123 OTHER PROFESSIONAL SERVICE	12,000.00	0.00	350.00	11,650.00	2.92
120-5-00-5125 OPEB	12,500.00	0.00	0.00	12,500.00	0.00
120-5-00-5126 AUDIT SERVICES	7,500.00	0.00	0.00	7,500.00	0.00
120-5-00-5130 PRINTING & PUBLICATION	8,000.00	650.49	1,188.71	6,811.29	14.86
120-5-00-5135 NEWSLETTER	1,000.00	97.50	97.50	902.50	9.75
120-5-00-5140 RENTS & LEASES	0.00	0.00	0.00	0.00	0.00
120-5-00-5142 AMORTIZATION	0.00	0.00	0.00	0.00	0.00
120-5-00-5145 EQUIPMENT RENTAL	6,500.00	183.95	551.86	5,948.14	8.49
120-5-00-5148 OPERATING SUPPLIES	85,000.00	5,562.46	17,964.08	67,035.92	21.13
120-5-00-5150 REPAIR & REPLACE	180,000.00	27,094.84	34,302.21	145,697.79	19.06
120-5-00-5155 MAINT BLDG & GROUNDS	12,000.00	2,746.04	4,464.32	7,535.68	37.20
120-5-00-5156 CUSTODIAL SERVICES	17,500.00	1,066.66	3,199.98	14,300.02	18.29
120-5-00-5157 SECURITY	1,000.00	0.00	0.00	1,000.00	0.00
120-5-00-5160 SLUDGE DISPOSAL	42,000.00	0.00	0.00	42,000.00	0.00
120-5-00-5165 TERTIARY POND MAINTENANCE	50,000.00	0.00	0.00	50,000.00	0.00
120-5-00-5180 UNCOLLECTABLE ACCOUNTS	0.00	0.00	0.00	0.00	0.00
120-5-00-5191 TELEPHONE	18,000.00	1,645.62	4,454.94	13,545.06	24.75
120-5-00-5192 ELECTRICITY	155,000.00	7,102.93	21,459.17	133,540.83	13.84
120-5-00-5193 OTHER UTILITIES	3,500.00	303.08	601.68	2,898.32	17.19
120-5-00-5194 IT SERVICES	35,000.00	540.50	1,969.00	33,031.00	5.63
120-5-00-5195 ENV/MONITORING	50,000.00	5,290.00	12,523.25	37,476.75	25.05
120-5-00-5196 RISK MANAGEMENT	0.00	0.00	0.00	0.00	0.00
120-5-00-5198 ANNUAL OPERATING FEES	26,000.00	0.00	0.00	26,000.00	0.00
120-5-00-5310 EQUIPMENT - FIELD	1,200.00	0.00	0.00	1,200.00	0.00
120-5-00-5311 EQUIPMENT - OFFICE	1,200.00	0.00	0.00	1,200.00	0.00
120-5-00-5312 TOOLS - FIELD	1,500.00	0.00	0.00	1,500.00	0.00
120-5-00-5315 SAFETY EQUIPMENT	3,500.00	141.95	1,751.69	1,748.31	50.05
120-5-00-5317 COVID-19	7,500.00	0.00	0.00	7,500.00	0.00
120-5-00-5510 SEWER OUTREACH	0.00	0.00	0.00	0.00	0.00
120-5-00-5522 INTEREST ON LONG-TERM DEBT	0.00	0.00	0.00	0.00	0.00
120-5-00-5545 RECORDING FEES	250.00	0.00	10.00	240.00	4.00

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

120-SEWER ENTERPRISE FUND  
 NON-DEPARTMENTAL  
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-00-5580 TRANSFERS OUT	32,200.00	0.00	25,467.50	6,732.50	79.09
120-5-00-5590 NON-OPERATING OTHER	0.00	0.00	0.00	0.00	0.00
120-5-00-5591 EXPENSES APPLICABLE TO PRI	0.00	0.00	0.00	0.00	0.00
120-5-00-5595 BAD DEBT	0.00	0.00	0.00	0.00	0.00
120-5-00-5600 CONTINGENCY	0.00	0.00	0.00	0.00	0.00
120-5-00-5700 OVER / SHORT	0.00	0.00	0.00	0.00	0.00
<b>TOTAL NON-DEPARTMENTAL</b>	<b>1,146,098.00</b>	<b>69,065.73</b>	<b>315,350.37</b>	<b>830,747.63</b>	<b>27.52</b>

120-SEWER ENTERPRISE FUND  
ADMINISTRATION  
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-10-5010 SALARIES & WAGES	290,119.00	20,900.22	64,189.26	225,929.74	22.13
120-5-10-5020 EMPLOYEE BENEFITS	90,670.00	5,855.32	17,563.92	73,106.08	19.37
120-5-10-5021 RETIREMENT BENEFITS	60,245.00	2,125.49	37,065.18	23,179.82	61.52
120-5-10-5063 CERTIFICATIONS	500.00	0.00	0.00	500.00	0.00
120-5-10-5090 OFFICE SUPPLIES	4,000.00	337.35	512.08	3,487.92	12.80
120-5-10-5170 TRAVEL MILEAGE	5,000.00	513.14	695.36	4,304.64	13.91
120-5-10-5175 EDUCATION / SEMINARS	5,000.00	937.50	638.00	4,362.00	12.76
120-5-10-5179 ADM MISC EXPENSES	800.00	246.99	465.46	334.54	58.18
<b>TOTAL ADMINISTRATION</b>	<b>456,334.00</b>	<b>30,916.01</b>	<b>121,129.26</b>	<b>335,204.74</b>	<b>26.54</b>

120-SEWER ENTERPRISE FUND  
FIELD  
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-30-5010 SALARIES & WAGES	282,584.00	23,811.26	73,817.09	208,766.91	26.12
120-5-30-5020 EMPLOYEE BENEFITS	135,264.00	11,471.21	29,665.64	105,598.36	21.93
120-5-30-5021 RETIREMENT BENEFITS	56,387.00	2,062.09	37,289.36	19,097.64	66.13
120-5-30-5022 CLOTHING ALLOWANCE	2,500.00	152.94	335.64	2,164.36	13.43
120-5-30-5063 CERTIFICATIONS	1,500.00	0.00	0.00	1,500.00	0.00
120-5-30-5090 OFFICE SUPPLIES	1,000.00	195.30	258.25	741.75	25.83
120-5-30-5170 TRAVEL MILEAGE	5,000.00	1,304.18	1,324.03	3,675.97	26.48
120-5-30-5175 EDUCATION / SEMINARS	4,000.00	720.00	720.00	3,280.00	18.00
TOTAL FIELD	488,235.00	39,716.98	143,410.01	344,824.99	29.37

120-SEWER ENTERPRISE FUND  
DIRECTORS  
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-40-5010 DIRECTORS COMPENSATION	3,000.00	269.15	807.45	2,192.55	26.92
120-5-40-5020 DIRECTOR BENEFITS	230.00	5.75	17.25	212.75	7.50
120-5-40-5030 DIRECTOR HEALTH BENEFITS	44,242.00	3,105.32	9,315.96	34,926.04	21.06
120-5-40-5170 TRAVEL MILEAGE	200.00	0.00	0.00	200.00	0.00
120-5-40-5175 EDUCATION / SEMINARS	1,500.00	0.00	0.00	1,500.00	0.00
120-5-40-5176 DIRECTOR TRAINING	3,600.00	0.00	0.00	3,600.00	0.00
TOTAL DIRECTORS	52,772.00	3,380.22	10,140.66	42,631.34	19.22

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

120-SEWER ENTERPRISE FUND  
 CAPITAL PROJECTS & EQUIP  
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
120-5-70-7201 REGULATORY COMPLIANCE	25,000.00	0.00	11,912.03	13,087.97	47.65
120-5-70-7202 DISASTER MITIGATION	183,500.00	18,759.12	18,759.12	164,740.88	10.22
120-5-70-7203 DISASTER RECOVERY	0.00	0.00	0.00	0.00	0.00
120-5-70-7205 RISK MANAGEMENT	30,000.00	0.00	0.00	30,000.00	0.00
120-5-70-7206 RECORDS RETENTION	0.00	0.00	0.00	0.00	0.00
<b>TOTAL CAPITAL PROJECTS &amp; EQUIP</b>	<b>238,500.00</b>	<b>18,759.12</b>	<b>30,671.15</b>	<b>207,828.85</b>	<b>12.86</b>
<b>TOTAL EXPENDITURES</b>	<b>2,381,939.00</b>	<b>161,838.06</b>	<b>620,701.45</b>	<b>1,761,237.55</b>	<b>26.06</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>0.00</b>	<b>90,726.84</b>	<b>39,489.05</b>	<b>( 39,489.05)</b>	<b>0.00</b>

\*\*\* END OF REPORT \*\*\*



HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

130-WATER ENTERPRISE FUND  
 FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>					
ALL REVENUE	<u>7,094,235.00</u>	<u>586,744.31</u>	<u>1,250,561.44</u>	<u>5,843,673.56</u>	<u>17.63</u>
TOTAL REVENUES	<u>7,094,235.00</u>	<u>586,744.31</u>	<u>1,250,561.44</u>	<u>5,843,673.56</u>	<u>17.63</u>
<u>EXPENDITURE SUMMARY</u>					
NON-DEPARTMENTAL	2,112,556.00	298,273.17	540,300.39	1,572,255.61	25.58
ADMINISTRATION	455,534.00	30,916.01	121,129.24	334,404.76	26.59
FIELD	487,535.00	39,061.57	134,504.72	353,030.28	27.59
DIRECTORS	54,172.00	3,380.16	10,140.48	44,031.52	18.72
CAPITAL PROJECTS & EQUIP	<u>6,241,012.00</u>	<u>318,097.74</u>	<u>369,325.21</u>	<u>5,871,686.79</u>	<u>5.92</u>
TOTAL EXPENDITURES	<u>9,350,809.00</u>	<u>689,728.65</u>	<u>1,175,400.04</u>	<u>8,175,408.96</u>	<u>12.57</u>
REVENUES OVER/(UNDER) EXPENDITURES	( 2,256,574.00)	( 102,984.34)	75,161.40	( 2,331,735.40)	3.33-

130-WATER ENTERPRISE FUND  
 REVENUES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-4035 RECONNECT FEE	12,000.00	1,395.00	3,985.00	8,015.00	33.21
130-4036 DEVELOPER FEES WATER	0.00	0.00	0.00	0.00	0.00
130-4038 COMM WATER METER INSTALL	0.00	0.00	0.00	0.00	0.00
130-4039 WATER CONNECTION FEE	1,645.00	459.00	1,377.00	268.00	83.71
130-4040 LIEN RECORDING FEES	1,200.00	397.44	496.80	703.20	41.40
130-4045 AVAILABILITY FEES	28,000.00	12,206.40	12,206.40	15,793.60	43.59
130-4110 COMM WATER USE	142,776.00	20,482.66	50,903.24	91,872.76	35.65
130-4111 BULK WATER SALES	32,000.00	21,171.06	54,675.46 (	22,675.46)	170.86
130-4112 GOV'T WATER USE	6,500.00	909.34	2,295.63	4,204.37	35.32
130-4115 WATER USE	2,865,024.00	276,879.92	858,117.93	2,006,906.07	29.95
130-4210 LATE FEE	57,000.00	6,828.73	18,512.39	38,487.61	32.48
130-4215 RETURNED CHECK FEE	1,000.00	350.00	700.00	300.00	70.00
130-4300 MISC INCOME	1,500.00	0.50	2.00	1,498.00	0.13
130-4310 OTHER INCOME	100.00	0.00	3.07	96.93	3.07
130-4320 FEMA/CalOES GRANTS	2,689,985.00	228,551.20	228,551.20	2,461,433.80	8.50
130-4325 GRANTS	413,689.00	16,834.11	16,834.11	396,854.89	4.07
130-4330 HYDRANT METER USE DEPOSIT	0.00	0.00	0.00	0.00	0.00
130-4505 LEASE INCOME	0.00	0.00	0.00	0.00	0.00
130-4550 INTEREST INCOME	1,816.00	278.95	1,151.21	664.79	63.39
130-4580 TRANSFER IN	840,000.00	0.00	0.00	840,000.00	0.00
130-4591 INCOME APPLICABLE TO PRIOR YRS	0.00	0.00	0.00	0.00	0.00
130-4955 Gain/Loss	0.00	0.00	750.00 (	750.00)	0.00
<b>TOTAL REVENUES</b>	<b>7,094,235.00</b>	<b>586,744.31</b>	<b>1,250,561.44</b>	<b>5,843,673.56</b>	<b>17.63</b>

130-WATER ENTERPRISE FUND  
NON-DEPARTMENTAL  
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-00-5010 SALARY & WAGES	0.00	0.00	0.00	0.00	0.00
130-5-00-5020 EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	0.00
130-5-00-5021 RETIREMENT BENEFITS	0.00	0.00	0.00	0.00	0.00
130-5-00-5024 WORKERS' COMP INSURANCE	18,000.00	978.89	18,613.34 (	613.34)	103.41
130-5-00-5025 RETIREE HEALTH BENEFITS	18,533.00	1,470.84	2,941.66	15,591.34	15.87
130-5-00-5026 COBRA Health & Dental	0.00	0.00	0.00	0.00	0.00
130-5-00-5040 ELECTION EXPENSE	2,500.00	0.00	0.00	2,500.00	0.00
130-5-00-5050 DEPRECIATION	0.00	0.00	0.00	0.00	0.00
130-5-00-5060 GASOLINE, OIL & FUEL	30,000.00	1,291.80	4,031.08	25,968.92	13.44
130-5-00-5061 VEHICLE MAINT	25,000.00	6,507.68	9,264.56	15,735.44	37.06
130-5-00-5062 TAXES & LIC	1,200.00	0.00	0.00	1,200.00	0.00
130-5-00-5074 INSURANCE	129,000.00	0.00	132,574.00 (	3,574.00)	102.77
130-5-00-5075 BANK FEES	35,000.00	2,349.84	6,627.56	28,372.44	18.94
130-5-00-5080 MEMBERSHIP & SUBSCRIPTIONS	32,000.00	1,643.11	6,902.10	25,097.90	21.57
130-5-00-5092 POSTAGE & SHIPPING	8,500.00	231.95	1,579.85	6,920.15	18.59
130-5-00-5110 CONTRACTUAL SERVICES	60,000.00	0.00	0.00	60,000.00	0.00
130-5-00-5121 LEGAL SERVICES	30,000.00	3,398.75	3,663.50	26,336.50	12.21
130-5-00-5122 ENGINEERING SERVICES	100,000.00	0.00	0.00	100,000.00	0.00
130-5-00-5123 OTHER PROFESSIONAL SERVICE	15,000.00	0.00	350.00	14,650.00	2.33
130-5-00-5124 WATER RIGHTS	15,000.00	0.00	123.18	14,876.82	0.82
130-5-00-5125 OPEB	12,500.00	0.00	0.00	12,500.00	0.00
130-5-00-5126 AUDIT SERVICES	7,500.00	0.00	0.00	7,500.00	0.00
130-5-00-5130 PRINTING & PUBLICATION	7,500.00	650.50	1,301.38	6,198.62	17.35
130-5-00-5135 NEWSLETTER	1,200.00	97.50	97.50	1,102.50	8.13
130-5-00-5140 RENT & LEASES	0.00	0.00	0.00	0.00	0.00
130-5-00-5142 AMORTIZATION	0.00	0.00	0.00	0.00	0.00
130-5-00-5145 EQUIPMENT RENTAL	35,000.00	768.97	4,647.68	30,352.32	13.28
130-5-00-5148 OPERATING SUPPLIES	7,500.00	0.00	1,296.05	6,203.95	17.28
130-5-00-5150 REPAIR & REPLACE	140,000.00	19,002.34	27,816.86	112,183.14	19.87
130-5-00-5155 MAINT BLDG & GROUNDS	15,000.00	216.04	1,999.58	13,000.42	13.33
130-5-00-5156 CUSTODIAL SERVICES	5,000.00	533.34	1,600.02	3,399.98	32.00
130-5-00-5157 SECURITY	5,000.00	0.00	0.00	5,000.00	0.00
130-5-00-5180 UNCOLLECTABLE ACCOUNTS	0.00	0.00	0.00	0.00	0.00
130-5-00-5191 TELEPHONE	17,000.00	1,645.61	4,454.95	12,545.05	26.21
130-5-00-5192 ELECTRICITY	220,000.00	22,890.51	66,679.47	153,320.53	30.31
130-5-00-5193 OTHER UTILITIES	3,600.00	303.08	601.68	2,998.32	16.71
130-5-00-5194 IT SERVICES	62,000.00	3,649.27	6,401.50	55,598.50	10.33
130-5-00-5195 ENV/MONITORING	20,000.00	1,950.00	3,130.00	16,870.00	15.65
130-5-00-5196 RISK MANAGEMENT	0.00	0.00	0.00	0.00	0.00
130-5-00-5198 ANNUAL OPERATING FEES	40,000.00	0.00	0.00	40,000.00	0.00
130-5-00-5310 EQUIPMENT - FIELD	1,000.00	0.00	0.00	1,000.00	0.00
130-5-00-5311 EQUIPMENT - OFFICE	1,000.00	0.00	0.00	1,000.00	0.00
130-5-00-5312 TOOLS - FIELD	2,000.00	0.00	0.00	2,000.00	0.00
130-5-00-5315 SAFETY EQUIPMENT	5,000.00	141.95	1,751.69	3,248.31	35.03
130-5-00-5317 COVID-19	7,500.00	0.00	0.00	7,500.00	0.00
130-5-00-5505 WATER CONSERVATION	5,000.00	0.00	0.00	5,000.00	0.00
130-5-00-5520 HYDRANT DEPOSIT REFUND	0.00	0.00	3,240.00 (	3,240.00)	0.00
130-5-00-5522 INTEREST ON LONG-TERM DEBT	0.00	0.00	0.00	0.00	0.00
130-5-00-5545 RECORDING FEES	250.00	0.00	60.00	190.00	24.00

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

130-WATER ENTERPRISE FUND  
 NON-DEPARTMENTAL  
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-00-5580 TRANSFERS OUT	972,273.00	228,551.20	228,551.20	743,721.80	23.51
130-5-00-5590 NON-OPERATING OTHER	0.00	0.00	0.00	0.00	0.00
130-5-00-5591 EXPENSES APPLICABLE TO PRI	0.00	0.00	0.00	0.00	0.00
130-5-00-5595 BAD DEBT	0.00	0.00	0.00	0.00	0.00
130-5-00-5600 CONTINGENCY	0.00	0.00	0.00	0.00	0.00
<b>TOTAL NON-DEPARTMENTAL</b>	<b>2,112,556.00</b>	<b>298,273.17</b>	<b>540,300.39</b>	<b>1,572,255.61</b>	<b>25.58</b>

130-WATER ENTERPRISE FUND  
ADMINISTRATION  
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-10-5010 SALARIES & WAGES	290,119.00	20,900.26	64,189.37	225,929.63	22.13
130-5-10-5020 EMPLOYEE BENEFITS	90,670.00	5,855.29	17,563.85	73,106.15	19.37
130-5-10-5021 RETIREMENT BENEFITS	60,245.00	2,125.41	37,064.97	23,180.03	61.52
130-5-10-5063 CERTIFICATIONS	200.00	0.00	0.00	200.00	0.00
130-5-10-5090 OFFICE SUPPLIES	4,000.00	337.38	512.16	3,487.84	12.80
130-5-10-5170 TRAVEL MILEAGE	5,000.00	513.15	695.38	4,304.62	13.91
130-5-10-5175 EDUCATION / SEMINARS	4,500.00	937.50	638.00	3,862.00	14.18
130-5-10-5179 ADM MISC EXPENSES	800.00	247.02	465.51	334.49	58.19
130-5-10-5505 WATER CONSERVATION	0.00	0.00	0.00	0.00	0.00
TOTAL ADMINISTRATION	455,534.00	30,916.01	121,129.24	334,404.76	26.59

130-WATER ENTERPRISE FUND  
 FIELD  
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-30-5010 SALARIES & WAGES	282,584.00	22,704.37	65,504.12	217,079.88	23.18
130-5-30-5020 EMPLOYEE BENEFITS	135,264.00	11,471.24	29,665.63	105,598.37	21.93
130-5-30-5021 RETIREMENT BENEFITS	56,387.00	1,813.52	35,997.00	20,390.00	63.84
130-5-30-5022 CLOTHING ALLOWANCE	2,500.00	152.95	335.66	2,164.34	13.43
130-5-30-5063 CERTIFICATIONS	800.00	0.00	0.00	800.00	0.00
130-5-30-5090 OFFICE SUPPLIES	1,000.00	195.30	258.27	741.73	25.83
130-5-30-5170 TRAVEL MILEAGE	5,000.00	1,304.19	1,324.04	3,675.96	26.48
130-5-30-5175 EDUCATION / SEMINARS	4,000.00	1,420.00	1,420.00	2,580.00	35.50
<b>TOTAL FIELD</b>	<b>487,535.00</b>	<b>39,061.57</b>	<b>134,504.72</b>	<b>353,030.28</b>	<b>27.59</b>

130-WATER ENTERPRISE FUND  
DIRECTORS  
EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-40-5010 DIRECTORS COMPENSATION	3,000.00	269.10	807.30	2,192.70	26.91
130-5-40-5020 DIRECTOR BENEFITS	230.00	5.75	17.25	212.75	7.50
130-5-40-5030 DIRECTOR HEALTH BENEFITS	44,242.00	3,105.31	9,315.93	34,926.07	21.06
130-5-40-5080 MEMBERSHIP & SUBSCRIPTION	0.00	0.00	0.00	0.00	0.00
130-5-40-5170 TRAVEL MILEAGE	200.00	0.00	0.00	200.00	0.00
130-5-40-5175 EDUCATION / SEMINARS	1,500.00	0.00	0.00	1,500.00	0.00
130-5-40-5176 DIRECTOR TRAINING	5,000.00	0.00	0.00	5,000.00	0.00
TOTAL DIRECTORS	54,172.00	3,380.16	10,140.48	44,031.52	18.72

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

130-WATER ENTERPRISE FUND  
 CAPITAL PROJECTS & EQUIP  
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
130-5-70-7201 REGULATORY COMPLIANCE	0.00	0.00	0.00	0.00	0.00
130-5-70-7202 DISASTER MITIGATION	23,500.00	18,759.13	18,759.13	4,740.87	79.83
130-5-70-7203 DISASTER RECOVERY	0.00	0.00	0.00	0.00	0.00
130-5-70-7204 RELIABLE WATER SUPPLY	6,217,512.00	299,338.61	350,566.08	5,866,945.92	5.64
130-5-70-7205 RISK MANAGEMENT	0.00	0.00	0.00	0.00	0.00
130-5-70-7206 RECORDS RETENTION	0.00	0.00	0.00	0.00	0.00
<b>TOTAL CAPITAL PROJECTS &amp; EQUIP</b>	<b>6,241,012.00</b>	<b>318,097.74</b>	<b>369,325.21</b>	<b>5,871,686.79</b>	<b>5.92</b>
<b>TOTAL EXPENDITURES</b>	<b>9,350,809.00</b>	<b>689,728.65</b>	<b>1,175,400.04</b>	<b>8,175,408.96</b>	<b>12.57</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>( 2,256,574.00)</b>	<b>( 102,984.34)</b>	<b>75,161.40</b>	<b>( 2,331,735.40)</b>	<b>3.33-</b>

\*\*\* END OF REPORT \*\*\*



215-RECA REDEMPTION 1995-2  
 FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>					
ALL REVENUE	<u>298,981.00</u>	<u>82,365.25</u>	<u>84,310.36</u>	<u>214,670.64</u>	<u>28.20</u>
TOTAL REVENUES	<u>298,981.00</u>	<u>82,365.25</u>	<u>84,310.36</u>	<u>214,670.64</u>	<u>28.20</u>
<u>EXPENDITURE SUMMARY</u>					
NON-DEPARTMENTAL	<u>298,981.00</u>	<u>0.00</u>	<u>249,575.92</u>	<u>49,405.08</u>	<u>83.48</u>
TOTAL EXPENDITURES	<u>298,981.00</u>	<u>0.00</u>	<u>249,575.92</u>	<u>49,405.08</u>	<u>83.48</u>
REVENUES OVER/ (UNDER) EXPENDITURES	0.00	82,365.25	( 165,265.56)	165,265.56	0.00

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

215-RECA REDEMPTION 1995-2  
 REVENUES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
215-4525 PRO-RATA BOND PAYMENT FEE	3,200.00	0.00	0.00	3,200.00	0.00
215-4530 TAXES, ASSMT & BOND PROCEEDS	275,500.00	4,359.48	4,359.48	271,140.52	1.58
215-4540 DELINQUENT ASSESSMENTS	9,000.00	27,108.04	27,108.04 (	18,108.04)	301.20
215-4541 DELINQ PENALTY & INTEREST	7,000.00	50,888.11	50,888.11 (	43,888.11)	726.97
215-4542 DELINQ ASSMT MONTHLY PENALTY	0.00	0.00	0.00	0.00	0.00
215-4550 INTEREST INCOME	4,281.00	9.62	1,954.73	2,326.27	45.66
215-4580 TRANSFERS IN	0.00	0.00	0.00	0.00	0.00
<b>TOTAL REVENUES</b>	<b>298,981.00</b>	<b>82,365.25</b>	<b>84,310.36</b>	<b>214,670.64</b>	<b>28.20</b>

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

215-RECA REDEMPTION 1995-2  
 NON-DEPARTMENTAL  
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
215-5-00-5075 BANK FEES	0.00	0.00	0.00	0.00	0.00
215-5-00-5123 OTHER PROFESSIONAL SERVICE	9,640.00	0.00	1,903.42	7,736.58	19.75
215-5-00-5125 BOND PREMIUM	0.00	0.00	0.00	0.00	0.00
215-5-00-5522 INTEREST ON LONG-TERM DEBT	76,341.00	0.00	41,672.50	34,668.50	54.59
215-5-00-5580 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
215-5-00-5590 COST OF ISSUANCE	0.00	0.00	0.00	0.00	0.00
215-5-00-5599 PRINCIPAL PMT	213,000.00	0.00	206,000.00	7,000.00	96.71
215-5-00-5600 CONTINGENCY	0.00	0.00	0.00	0.00	0.00
<b>TOTAL NON-DEPARTMENTAL</b>	<b>298,981.00</b>	<b>0.00</b>	<b>249,575.92</b>	<b>49,405.08</b>	<b>83.48</b>
<b>TOTAL EXPENDITURES</b>	<b>298,981.00</b>	<b>0.00</b>	<b>249,575.92</b>	<b>49,405.08</b>	<b>83.48</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>0.00</b>	<b>82,365.25</b>	<b>( 165,265.56)</b>	<b>165,265.56</b>	<b>0.00</b>

\*\*\* END OF REPORT \*\*\*

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

218-CIEDEB REDEMPTION FUND  
 FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>					
ALL REVENUE	<u>169,721.00</u>	<u>9,137.00</u>	<u>28,991.45</u>	<u>140,729.55</u>	<u>17.08</u>
TOTAL REVENUES	<u>169,721.00</u>	<u>9,137.00</u>	<u>28,991.45</u>	<u>140,729.55</u>	<u>17.08</u>
<u>EXPENDITURE SUMMARY</u>					
NON-DEPARTMENTAL	<u>169,721.00</u>	<u>0.00</u>	<u>21,985.09</u>	<u>147,735.91</u>	<u>12.95</u>
TOTAL EXPENDITURES	<u>169,721.00</u>	<u>0.00</u>	<u>21,985.09</u>	<u>147,735.91</u>	<u>12.95</u>
REVENUES OVER/(UNDER) EXPENDITURES	0.00	9,137.00	7,006.36 (	7,006.36)	0.00

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

218-CIEDB REDEMPTION FUND  
 REVENUES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
218-4030 WATER CAPACITY FEES	36,548.00	9,137.00	27,411.00	9,137.00	75.00
218-4115 WATER USE CIEDB	0.00	0.00	0.00	0.00	0.00
218-4550 INTEREST INCOME	900.00	0.00	1,580.45 (	680.45)	175.61
218-4580 TRANSFERS IN	132,273.00	0.00	0.00	132,273.00	0.00
218-4596 USER/NEW DEVELOPMT PORTION	0.00	0.00	0.00	0.00	0.00
<b>TOTAL REVENUES</b>	<b>169,721.00</b>	<b>9,137.00</b>	<b>28,991.45</b>	<b>140,729.55</b>	<b>17.08</b>

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

218-CIEDB REDEMPTION FUND  
 NON-DEPARTMENTAL  
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
218-5-00-5092 POSTAGE & SHIPPING	0.00	0.00	0.00	0.00	0.00
218-5-00-5522 INTEREST ON LONG-TERM DEBT	43,970.00	0.00	21,985.09	21,984.91	50.00
218-5-00-5560 BAD DEBT	0.00	0.00	0.00	0.00	0.00
218-5-00-5580 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
218-5-00-5595 CIEDB LOAN ANNUAL FEE	3,791.00	0.00	0.00	3,791.00	0.00
218-5-00-5599 PRINCIPAL PMT	121,960.00	0.00	0.00	121,960.00	0.00
218-5-00-5600 CONTINGENCY	0.00	0.00	0.00	0.00	0.00
TOTAL NON-DEPARTMENTAL	169,721.00	0.00	21,985.09	147,735.91	12.95
TOTAL EXPENDITURES	169,721.00	0.00	21,985.09	147,735.91	12.95
REVENUES OVER/(UNDER) EXPENDITURES	0.00	9,137.00	7,006.36	( 7,006.36)	0.00

\*\*\* END OF REPORT \*\*\*

HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

219-USDA SOLAR LOAN  
 FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>					
ALL REVENUE	<u>32,158.00</u>	<u>0.00</u>	<u>25,475.54</u>	<u>6,682.46</u>	<u>79.22</u>
TOTAL REVENUES	<u>32,158.00</u>	<u>0.00</u>	<u>25,475.54</u>	<u>6,682.46</u>	<u>79.22</u>
<u>EXPENDITURE SUMMARY</u>					
NON-DEPARTMENTAL	<u>32,158.00</u>	<u>0.00</u>	<u>25,467.50</u>	<u>6,690.50</u>	<u>79.19</u>
TOTAL EXPENDITURES	<u>32,158.00</u>	<u>0.00</u>	<u>25,467.50</u>	<u>6,690.50</u>	<u>79.19</u>
REVENUES OVER/ (UNDER) EXPENDITURES	0.00	0.00	8.04 (	8.04)	0.00

HIDDEN VALLEY LAKE CSD  
REVENUE & EXPENSE REPORT (UNAUDITED)  
AS OF: SEPTEMBER 30TH, 2023

219-USDA SOLAR LOAN  
REVENUES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
219-4300 MISC INCOME	0.00	0.00	0.00	0.00	0.00
219-4550 INTEREST INCOME	25.00	0.00	8.04	16.96	32.16
219-4580 TRANSFERS IN	32,133.00	0.00	25,467.50	6,665.50	79.26
TOTAL REVENUES	32,158.00	0.00	25,475.54	6,682.46	79.22
	=====	=====	=====	=====	=====



HIDDEN VALLEY LAKE CSD  
 REVENUE & EXPENSE REPORT (UNAUDITED)  
 AS OF: SEPTEMBER 30TH, 2023

219-USDA SOLAR LOAN  
 NON-DEPARTMENTAL  
 EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	BUDGET BALANCE	% OF BUDGET
219-5-00-5092 POSTAGE & SHIPPING	0.00	0.00	0.00	0.00	0.00
219-5-00-5522 INTEREST ON LONG-TERM DEBT	13,658.00	0.00	6,967.50	6,690.50	51.01
219-5-00-5523 INTEREST EXPENSE	0.00	0.00	0.00	0.00	0.00
219-5-00-5580 TRANSFER OUT	0.00	0.00	0.00	0.00	0.00
219-5-00-5599 PRINCIPAL PMT	18,500.00	0.00	18,500.00	0.00	100.00
<b>TOTAL NON-DEPARTMENTAL</b>	<b>32,158.00</b>	<b>0.00</b>	<b>25,467.50</b>	<b>6,690.50</b>	<b>79.19</b>
<b>TOTAL EXPENDITURES</b>	<b>32,158.00</b>	<b>0.00</b>	<b>25,467.50</b>	<b>6,690.50</b>	<b>79.19</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>0.00</b>	<b>0.00</b>	<b>8.04 (</b>	<b>8.04)</b>	<b>0.00</b>

\*\*\* END OF REPORT \*\*\*



**Hidden Valley Lake Community Services District**  
**Financial Activity, Cash and Investment Summary**  
**As of September 30, 2023**  
**(Rounded and Unaudited)**

	Operating Checking		Money Market		LAIF	Bond Trustee		CERBT	Total All Cash/Investment Accounts
	West America Bank 1010	West America Bank 1130	State Treasurer 1133	US Bank 1200	CalPERS CERBT 1135				
<b>Financial Activity of Cash/Investment Accounts in General Ledger [1]</b>									
<b>Beginning Balances</b>	\$ 370,917	\$ 2,789,635	\$ 645,032	\$ 149,972	\$ 25,000			\$ 3,980,556	
<b>Cash Receipts</b>									
Utility Billing Deposits	\$ 563,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Electronic Fund Deposits	\$ -	\$ 97,934	\$ -	\$ -	\$ -	\$ -	\$ -		
Other Deposits	\$ 286,447	\$ 163	\$ -	\$ 868	\$ 550				
<b>Total Cash Receipts</b>	\$ 850,025	\$ 98,098	\$ -	\$ 150,840	\$ 25,550				
<b>Cash Disbursements</b>									
Accounts Payable Checks issued	\$ 522,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Electronic Fund/Bank Draft Disbursements	\$ 31,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Payroll Checks issued - net	\$ 65,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Bank Fees	\$ 4,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Other Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Total Disbursements</b>	\$ 623,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Transfers Between Accounts</b>									
Transfers In	\$ -	\$ 228,551	\$ -	\$ -	\$ -	\$ -	\$ -		
Transfers Out	\$ 228,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Total Transfers Between Accounts</b>	\$ 228,551	\$ 228,551	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Ending Balances in General Ledger</b>	\$ 368,631	\$ 3,116,284	\$ 645,032	\$ 150,840	\$ 25,550			\$ 4,280,788	
<b>Financial Institution Ending Balances</b>	\$ 596,138	\$ 3,116,284	\$ 645,032	\$ 150,840	\$ 25,550			\$ 4,508,294	

<b>Ending Balances General Ledger Distribution by District Funds [2]</b>									
Operating	-	-	-	-	-	-	-	-	-
Wastewater Operating	290,767	14,511	74,508	-	12,775	-	-	392,560	
Water Operating	50,283	74,635	111,037	-	12,775	-	-	248,730	
Flood Enterprise	(209)	-	-	-	-	-	-	(209)	
2016 Sewer Refinancing Bond	(20)	223,536	97,946	150,840	-	-	-	472,302	
2002 CIEDB Loan	18,274	64,762	17,186	-	-	-	-	100,222	
2012 USDA Solar COP	-	8,382	907	-	-	-	-	9,289	
Wastewater Operating Reserve	9,537	154,396	60,693	-	-	-	-	224,626	
Wastewater CIP	-	485,458	98,134	-	-	-	-	583,592	
2012 USDA Solar COP Reserve	-	31,378	-	-	-	-	-	31,378	
Water CIP	-	1,879,014	-	-	-	-	-	1,879,014	
Water Operating Reserve	-	180,212	-	-	-	-	-	180,212	
2002 CIEDB Loan Reserve	-	-	184,621	-	-	-	-	184,621	
<b>Total Ending Balances in General Ledger</b>	\$ 368,631	\$ 3,116,284	\$ 645,032	\$ 150,840	\$ 25,550			\$ 4,280,788	

† General Ledger activity by Financial Institution accounts with District Fund accounts consolidated. Checking and Money Market accounts are with West America Bank, Local Agency Investment Account (LAIF) is held by the State Treasurer on behalf of the District, US Bank is the Bond Trustee for the the 2016 Refunding and CalPers CERTB Trust >>>. All cash accounts have been reconciled to the ending Financial Institution statements.  
 Reconciliation Detail Summary for details

COMPANY: 999 - POOLED CASH FUND  
ACCOUNT: 1010 CASH - POOLED  
TYPE: All  
STATUS: All  
FOLIO: All

CHECK DATE: 9/01/2023 THRU 9/30/2023  
CLEAR DATE: 0/00/0000 THRU 99/99/9999  
STATEMENT: 0/00/0000 THRU 99/99/9999  
VOIDED DATE: 0/00/0000 THRU 99/99/9999  
AMOUNT: 0.00 THRU 999,999,999.99  
CHECK NUMBER: 000000 THRU 999999

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT----	STATUS	FOLIO	CLEAR DATE
BANK DRAFT:								
1010	9/08/2023	BANK-DRAFT	000918	AFLAC	85.80CR	CLEARED	A	9/12/2023
1010	9/08/2023	BANK-DRAFT	000919	CALIFORNIA PUBLIC EMPLOYEES RE	7,600.03CR	CLEARED	A	9/11/2023
1010	9/08/2023	BANK-DRAFT	000920	NATIONWIDE RETIREMENT SOLUTION	1,400.00CR	CLEARED	A	9/08/2023
1010	9/08/2023	BANK-DRAFT	000921	STATE OF CALIFORNIA EDD	2,143.00CR	CLEARED	A	9/08/2023
1010	9/08/2023	BANK-DRAFT	000922	US DEPARTMENT OF THE TREASURY	5,381.81CR	CLEARED	A	9/08/2023
1010	9/22/2023	BANK-DRAFT	000923	AFLAC	251.36CR	OUTSTND	A	0/00/0000
1010	9/22/2023	BANK-DRAFT	000924	CALIFORNIA PUBLIC EMPLOYEES RE	6,877.20CR	CLEARED	A	9/25/2023
1010	9/22/2023	BANK-DRAFT	000925	NATIONWIDE RETIREMENT SOLUTION	1,400.00CR	CLEARED	A	9/22/2023
1010	9/22/2023	BANK-DRAFT	000926	STATE OF CALIFORNIA EDD	1,687.78CR	CLEARED	A	9/22/2023
1010	9/22/2023	BANK-DRAFT	000927	US DEPARTMENT OF THE TREASURY	4,344.15CR	CLEARED	A	9/22/2023

CHECK:								
1010	9/01/2023	CHECK	002026	ALPHA ANALYTICAL LABORATORIES	910.00CR	CLEARED	A	9/07/2023
1010	9/01/2023	CHECK	002027	AT&T MOBILITY	90.80CR	CLEARED	A	9/11/2023
1010	9/01/2023	CHECK	002028	BADGER METER	1,299.40CR	CLEARED	A	9/13/2023
1010	9/01/2023	CHECK	002029	CALIFORNIA RURAL WATER ASSOCIA	1,299.00CR	CLEARED	A	9/08/2023
1010	9/01/2023	CHECK	002030	DONNA MAHONEY	52.40CR	CLEARED	A	9/06/2023
1010	9/01/2023	CHECK	002031	MEDIACOM	517.28CR	CLEARED	A	9/08/2023
1010	9/01/2023	CHECK	002032	MIDDLETOWN COPY & PRINT	740.03CR	CLEARED	A	9/08/2023
1010	9/01/2023	CHECK	002033	PUMPMAN NORCAL	17,805.94CR	CLEARED	A	9/06/2023
1010	9/01/2023	CHECK	002034	TELSTAR INSTRUMENTS	4,316.95CR	CLEARED	A	9/07/2023
1010	9/01/2023	CHECK	002035	WEST YOST & ASSOCIATES, INC.	7,625.25CR	CLEARED	A	9/11/2023
1010	9/08/2023	CHECK	002036	ACWA/JPIA	1,059.46CR	CLEARED	A	9/13/2023
1010	9/08/2023	CHECK	002037	ALPHA ANALYTICAL LABORATORIES	1,032.50CR	CLEARED	A	9/13/2023
1010	9/08/2023	CHECK	002038	ALYSSA GORDON	842.89CR	CLEARED	A	9/26/2023
1010	9/08/2023	CHECK	002039	APPLIED TECHNOLOGY SOLUTIONS	1,081.00CR	CLEARED	A	9/18/2023
1010	9/08/2023	CHECK	002040	ARMED FORCE PEST CONTROL, INC.	205.00CR	CLEARED	A	9/14/2023
1010	9/08/2023	CHECK	002041	BADGER METER	1,809.37CR	CLEARED	A	9/20/2023
1010	9/08/2023	CHECK	002042	GHD	18,696.34CR	CLEARED	A	9/13/2023
1010	9/08/2023	CHECK	002043	HARDESTER'S MARKETS & HARDWARE	400.46CR	CLEARED	A	9/14/2023
1010	9/08/2023	CHECK	002044	JAMES DAY CONSTRUCTION, INC.	1,192.00CR	CLEARED	A	9/19/2023
1010	9/08/2023	CHECK	002045	LAKE COUNTY WASTE SOLUTIONS, I	108.34CR	CLEARED	A	9/15/2023
1010	9/08/2023	CHECK	002046	LAKE COUNTY WASTE SOLUTIONS, I	497.82CR	CLEARED	A	9/15/2023
1010	9/08/2023	CHECK	002047	SMALLCOMB, LISA	39.30CR	CLEARED	A	9/11/2023
1010	9/08/2023	CHECK	002048	SMITH CONSTRUCTION	700.00CR	CLEARED	A	9/22/2023
1010	9/08/2023	CHECK	002049	SPECIAL DISTRICT RISK MANAGEME	38,158.59CR	CLEARED	A	9/13/2023
1010	9/08/2023	CHECK	002050	STREAMLINE	249.00CR	CLEARED	A	9/14/2023
1010	9/08/2023	CHECK	002051	USA BLUE BOOK	2,573.13CR	CLEARED	A	9/26/2023
1010	9/08/2023	CHECK	002052	WELLS FARGO FINANCIAL LEASING	367.91CR	CLEARED	A	9/15/2023
1010	9/08/2023	CHECK	002053	SMITH, LOGAN	41.21CR	CLEARED	A	9/13/2023
1010	9/15/2023	CHECK	002054	ALPHA ANALYTICAL LABORATORIES	1,020.00CR	CLEARED	A	9/20/2023
1010	9/15/2023	CHECK	002055	AT&T	1,320.55CR	CLEARED	A	9/20/2023
1010	9/15/2023	CHECK	002056	BENNETT ENGINEERING SERVICES	55,453.24CR	CLEARED	A	9/19/2023
1010	9/15/2023	CHECK	002057	BRELJE & RACE CONSULTING CIVIL	3,305.00CR	CLEARED	A	9/20/2023

COMPANY: 999 - POOLED CASH FUND  
 ACCOUNT: 1010 CASH - POOLED  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 9/01/2023 THRU 9/30/2023  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
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 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
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 CHECK NUMBER: 000000 THRU 999999

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT----	STATUS	FOLIO	CLEAR DATE
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1010	9/15/2023	CHECK	002059	DEMARCO DESIGN	195.00CR	CLEARED	A	9/20/2023
1010	9/15/2023	CHECK	002060	GARDENS BY JILLIAN	200.00CR	OUTSTND	A	0/00/0000
1010	9/15/2023	CHECK	002061	ODP BUSINESS SOLUTIONS, LLC	257.55CR	CLEARED	A	9/20/2023
1010	9/15/2023	CHECK	002062	PACE SUPPLY CORP	1,769.44CR	CLEARED	A	9/19/2023
1010	9/15/2023	CHECK	002063	WATER DISTRICT JOBS	145.00CR	OUTSTND	A	0/00/0000
1010	9/15/2023	CHECK	002064	WEST YOST & ASSOCIATES, INC.	29,893.00CR	CLEARED	A	9/19/2023
1010	9/22/2023	CHECK	002065	ALPHA ANALYTICAL LABORATORIES	1,980.00CR	CLEARED	A	9/27/2023
1010	9/22/2023	CHECK	002066	ARMED FORCE PEST CONTROL, INC.	2,530.00CR	CLEARED	A	9/28/2023
1010	9/22/2023	CHECK	002067	BARTKIEWICZ, KRONICK & SHANAHA	1,725.00CR	CLEARED	A	9/28/2023
1010	9/22/2023	CHECK	002068	BOLD POLISNER MADDOW NELSON &	5,072.50CR	CLEARED	A	9/26/2023
1010	9/22/2023	CHECK	002069	CALIFORNIA SPECIAL DISTRICTS A	125.00CR	CLEARED	A	9/29/2023
1010	9/22/2023	CHECK	002070	COASTLAND CIVIL ENGINEERING, I	41,617.88CR	CLEARED	A	9/27/2023
1010	9/22/2023	CHECK	002071	ELAN CARDMEMBER SERVICE	28,394.09CR	CLEARED	A	9/29/2023
1010	9/22/2023	CHECK	002072	HERO RENTS	585.01CR	OUTSTND	A	0/00/0000
1010	9/22/2023	CHECK	002073	NATHAN REESE	291.39CR	CLEARED	A	9/26/2023
1010	9/22/2023	CHECK	002074	PACE SUPPLY CORP	8,353.59CR	CLEARED	A	9/26/2023
1010	9/22/2023	CHECK	002075	PACIFIC GAS & ELECTRIC COMPANY	30,065.51CR	OUTSTND	A	0/00/0000
1010	9/22/2023	CHECK	002076	SMALLCOMB, LISA	39.30CR	CLEARED	A	9/26/2023
1010	9/22/2023	CHECK	002077	SPECIAL DISTRICT RISK MANAGEME	1,957.78CR	CLEARED	A	9/27/2023
1010	9/22/2023	CHECK	002078	U S POSTMASTER	310.00CR	OUTSTND	A	0/00/0000
1010	9/22/2023	CHECK	002079	USA BLUE BOOK	67.65CR	OUTSTND	A	0/00/0000
1010	9/22/2023	CHECK	002080	VERIZON WIRELESS	1,119.76CR	OUTSTND	A	0/00/0000
1010	9/22/2023	CHECK	002081	VERIZON WIRELESS	242.84CR	OUTSTND	A	0/00/0000
1010	9/22/2023	CHECK	002082	WESTGATE PETROLEUM CO., INC.	2,583.59CR	CLEARED	A	9/26/2023
1010	9/22/2023	CHECK	002083	DAVIDSON, JANET-ELAI	149.55CR	OUTSTND	A	0/00/0000
1010	9/22/2023	CHECK	002084	NUNEZ, ALFRED B	226.00CR	CLEARED	A	9/26/2023
1010	9/29/2023	CHECK	002085	ADTS, INC	104.50CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002086	ALPHA ANALYTICAL LABORATORIES	2,297.50CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002087	BADGER METER	176,531.35CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002088	COUNTY OF LAKE SOLID WASTE	27.08CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002089	DATAPROSE, LLC	442.17CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002090	DONNA MAHONEY	52.40CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002091	JENFITCH, LLC	4,787.67CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002092	JL MECHANICAL	1,793.30CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002093	ODP BUSINESS SOLUTIONS, LLC	86.86CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002094	SERVICO BUILDING MAINTENANCE C	1,600.00CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002095	TELSTAR INSTRUMENTS	9,177.60CR	OUTSTND	A	0/00/0000
1010	9/29/2023	CHECK	002096	CAMPOS, VICTOR ASTUL	33.61CR	OUTSTND	A	0/00/0000

DEPOSIT:								
1010	9/01/2023	DEPOSIT		CREDIT CARD 9/01/2023	4,120.42	CLEARED	C	9/05/2023
1010	9/01/2023	DEPOSIT	000001	CREDIT CARD 9/01/2023	348.66	CLEARED	C	9/05/2023
1010	9/01/2023	DEPOSIT	000002	CREDIT CARD 9/01/2023	930.25	CLEARED	C	9/05/2023

COMPANY: 999 - POOLED CASH FUND  
 ACCOUNT: 1010 CASH - POOLED  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 9/01/2023 THRU 9/30/2023  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
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 CHECK NUMBER: 000000 THRU 999999

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT----	STATUS	FOLIO	CLEAR DATE
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1010	9/01/2023	DEPOSIT	000004	CREDIT CARD 9/01/2023	1,502.99	CLEARED	C	9/07/2023
1010	9/01/2023	DEPOSIT	000005	REGULAR DAILY POST 9/01/2023	19,495.17	CLEARED	C	9/05/2023
1010	9/04/2023	DEPOSIT		Payment on Account	542.30	CLEARED	R	9/06/2023
1010	9/05/2023	DEPOSIT		CREDIT CARD 9/05/2023	16,373.82	CLEARED	C	9/06/2023
1010	9/05/2023	DEPOSIT	000001	REGULAR DAILY POST 9/05/2023	1,114.34	CLEARED	C	9/06/2023
1010	9/05/2023	DEPOSIT	000002	CREDIT CARD 9/05/2023	3,917.12	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000003	REGULAR DAILY POST 9/05/2023	159.28	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000004	CREDIT CARD 9/05/2023	3,204.23	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000005	REGULAR DAILY POST 9/05/2023	1,440.57	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000006	CREDIT CARD 9/05/2023	3,697.74	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000007	REGULAR DAILY POST 9/05/2023	556.09	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000008	CREDIT CARD 9/05/2023	1,962.61	CLEARED	C	9/06/2023
1010	9/05/2023	DEPOSIT	000009	CREDIT CARD 9/05/2023	341.02	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000010	CREDIT CARD 9/05/2023	541.14	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000011	CREDIT CARD 9/05/2023	4,549.98	CLEARED	C	9/06/2023
1010	9/05/2023	DEPOSIT	000012	CREDIT CARD 9/05/2023	1,587.89	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000013	CREDIT CARD 9/05/2023	377.54	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000014	CREDIT CARD 9/05/2023	146.55	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000015	CREDIT CARD 9/05/2023	168.98	CLEARED	C	9/07/2023
1010	9/05/2023	DEPOSIT	000016	CREDIT CARD 9/05/2023	1,345.50	CLEARED	C	9/08/2023
1010	9/05/2023	DEPOSIT	000017	REGULAR DAILY POST 9/05/2023	2,947.26	CLEARED	C	9/06/2023
1010	9/06/2023	DEPOSIT		CREDIT CARD 9/06/2023	7,217.81	CLEARED	C	9/07/2023
1010	9/06/2023	DEPOSIT	000001	REGULAR DAILY POST 9/06/2023	803.20	CLEARED	C	9/07/2023
1010	9/06/2023	DEPOSIT	000002	CREDIT CARD 9/06/2023	410.14	CLEARED	C	9/07/2023
1010	9/06/2023	DEPOSIT	000003	CREDIT CARD 9/06/2023	484.35	CLEARED	C	9/11/2023
1010	9/06/2023	DEPOSIT	000004	REGULAR DAILY POST 9/06/2023	1,010.94	CLEARED	C	9/07/2023
1010	9/07/2023	DEPOSIT		CREDIT CARD 9/07/2023	3,094.93	CLEARED	C	9/08/2023
1010	9/07/2023	DEPOSIT	000001	CREDIT CARD 9/07/2023	2,135.89	CLEARED	C	9/08/2023
1010	9/07/2023	DEPOSIT	000002	CREDIT CARD 9/07/2023	725.40	CLEARED	C	9/08/2023
1010	9/07/2023	DEPOSIT	000003	DAILY PAYMENT POSTING - ADJ	325.00CR	CLEARED	U	9/07/2023
1010	9/07/2023	DEPOSIT	000004	DAILY PAYMENT POSTING	325.00	CLEARED	U	9/07/2023
1010	9/07/2023	DEPOSIT	000005	CREDIT CARD 9/07/2023	877.24	CLEARED	C	9/12/2023
1010	9/07/2023	DEPOSIT	000006	REGULAR DAILY POST 9/07/2023	1,552.77	CLEARED	C	9/08/2023
1010	9/08/2023	DEPOSIT		CREDIT CARD 9/08/2023	2,223.96	CLEARED	C	9/11/2023
1010	9/08/2023	DEPOSIT	000001	REGULAR DAILY POST 9/08/2023	759.05	CLEARED	C	9/11/2023
1010	9/08/2023	DEPOSIT	000002	CREDIT CARD 9/08/2023	54.48	CLEARED	C	9/11/2023
1010	9/08/2023	DEPOSIT	000003	CREDIT CARD 9/08/2023	100.00	CLEARED	C	9/11/2023
1010	9/08/2023	DEPOSIT	000004	CREDIT CARD 9/08/2023	660.98	CLEARED	C	9/11/2023
1010	9/08/2023	DEPOSIT	000005	CREDIT CARD 9/08/2023	1,087.98	CLEARED	C	9/13/2023
1010	9/08/2023	DEPOSIT	000006	REGULAR DAILY POST 9/08/2023	4,052.15	CLEARED	C	9/11/2023
1010	9/11/2023	DEPOSIT		CREDIT CARD 9/11/2023	3,467.15	CLEARED	C	9/12/2023
1010	9/11/2023	DEPOSIT	000001	REGULAR DAILY POST 9/11/2023	573.13	CLEARED	C	9/12/2023
1010	9/11/2023	DEPOSIT	000002	CREDIT CARD 9/11/2023	2,415.58	CLEARED	C	9/13/2023

9/5/2023 12:56 PM  
 COMPANY: 999 - POOLED CASH FUND  
 ACCOUNT: 1010 CASH - POOLED  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK RECONCILIATION REGISTER

PAGE: 4  
 CHECK DATE: 9/01/2023 THRU 9/30/2023  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 000000 THRU 999999

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	-----AMOUNT---	STATUS	FOLIO	CLEAR DATE
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1010	9/11/2023	DEPOSIT	000004	CREDIT CARD 9/11/2023	7,181.78	CLEARED	C	9/13/2023
1010	9/11/2023	DEPOSIT	000005	REGULAR DAILY POST 9/11/2023	4,177.50	CLEARED	C	9/13/2023
1010	9/11/2023	DEPOSIT	000006	CREDIT CARD 9/11/2023	938.40	CLEARED	C	9/12/2023
1010	9/11/2023	DEPOSIT	000007	CREDIT CARD 9/11/2023	547.32	CLEARED	C	9/13/2023
1010	9/11/2023	DEPOSIT	000008	CREDIT CARD 9/11/2023	785.54	CLEARED	C	9/13/2023
1010	9/11/2023	DEPOSIT	000009	CREDIT CARD 9/11/2023	731.58	CLEARED	C	9/12/2023
1010	9/11/2023	DEPOSIT	000010	CREDIT CARD 9/11/2023	2,433.63	CLEARED	C	9/13/2023
1010	9/11/2023	DEPOSIT	000011	CREDIT CARD 9/11/2023	420.72	CLEARED	C	9/13/2023
1010	9/11/2023	DEPOSIT	000012	CREDIT CARD 9/11/2023	2,304.94	CLEARED	C	9/14/2023
1010	9/11/2023	DEPOSIT	000013	REGULAR DAILY POST 9/11/2023	11,834.97	CLEARED	C	9/12/2023
1010	9/11/2023	DEPOSIT	000014	REGULAR DAILY POST 9/11/2023	0.48	CLEARED	C	9/12/2023
1010	9/12/2023	DEPOSIT		CREDIT CARD 9/12/2023	4,421.79	CLEARED	C	9/13/2023
1010	9/12/2023	DEPOSIT	000001	CREDIT CARD 9/12/2023	2,094.71	CLEARED	C	9/13/2023
1010	9/12/2023	DEPOSIT	000002	CREDIT CARD 9/12/2023	662.83	CLEARED	C	9/13/2023
1010	9/12/2023	DEPOSIT	000003	CREDIT CARD 9/12/2023	2,388.11	CLEARED	C	9/15/2023
1010	9/12/2023	DEPOSIT	000004	REGULAR DAILY POST 9/12/2023	8,599.36	CLEARED	C	9/13/2023
1010	9/13/2023	DEPOSIT		CREDIT CARD 9/13/2023	5,671.13	CLEARED	C	9/14/2023
1010	9/13/2023	DEPOSIT	000001	REGULAR DAILY POST 9/13/2023	85.00	CLEARED	C	9/14/2023
1010	9/13/2023	DEPOSIT	000002	CREDIT CARD 9/13/2023	1,926.66	CLEARED	C	9/14/2023
1010	9/13/2023	DEPOSIT	000003	CREDIT CARD 9/13/2023	292.76	CLEARED	C	9/14/2023
1010	9/13/2023	DEPOSIT	000004	CREDIT CARD 9/13/2023	1,211.95	CLEARED	C	9/18/2023
1010	9/13/2023	DEPOSIT	000005	REGULAR DAILY POST 9/13/2023	10,358.07	CLEARED	C	9/14/2023
1010	9/13/2023	DEPOSIT	000006	CREDIT CARD 9/13/2023	3,280.00	CLEARED	C	9/15/2023
1010	9/13/2023	DEPOSIT	000007	REGULAR DAILY POST 9/13/2023	1,030.93	CLEARED	C	9/15/2023
1010	9/13/2023	DEPOSIT	000008	CREDIT CARD 9/13/2023	3,782.17	CLEARED	C	9/15/2023
1010	9/13/2023	DEPOSIT	000009	CREDIT CARD 9/13/2023	231.37	CLEARED	C	9/15/2023
1010	9/14/2023	DEPOSIT		CREDIT CARD 9/14/2023	514.02	CLEARED	C	9/15/2023
1010	9/14/2023	DEPOSIT	000001	CREDIT CARD 9/14/2023	1,008.96	CLEARED	C	9/15/2023
1010	9/14/2023	DEPOSIT	000002	CREDIT CARD 9/14/2023	1,201.11	CLEARED	C	9/19/2023
1010	9/14/2023	DEPOSIT	000003	REGULAR DAILY POST 9/14/2023	7,725.19	CLEARED	C	9/15/2023
1010	9/14/2023	DEPOSIT	000004	DAILY PAYMENT POSTING - ADJ	431.69CR	CLEARED	U	9/14/2023
1010	9/15/2023	DEPOSIT		CREDIT CARD 9/15/2023	6,309.27	CLEARED	C	9/18/2023
1010	9/15/2023	DEPOSIT	000001	REGULAR DAILY POST 9/15/2023	4,506.89	CLEARED	C	9/18/2023
1010	9/15/2023	DEPOSIT	000002	CREDIT CARD 9/15/2023	1,516.94	CLEARED	C	9/18/2023
1010	9/15/2023	DEPOSIT	000003	CREDIT CARD 9/15/2023	453.61	CLEARED	C	9/18/2023
1010	9/15/2023	DEPOSIT	000004	CREDIT CARD 9/15/2023	2,060.99	CLEARED	C	9/20/2023
1010	9/15/2023	DEPOSIT	000005	REGULAR DAILY POST 9/15/2023	72,956.09	CLEARED	C	9/18/2023
1010	9/15/2023	DEPOSIT	000006	DRAFT POSTING	24,568.16	CLEARED	U	9/15/2023
1010	9/15/2023	DEPOSIT	000007	DRAFT POSTING	162.67	CLEARED	U	9/18/2023
1010	9/18/2023	DEPOSIT		CREDIT CARD 9/18/2023	40,317.00	CLEARED	C	9/19/2023
1010	9/18/2023	DEPOSIT	000001	REGULAR DAILY POST 9/18/2023	5,547.76	CLEARED	C	9/19/2023
1010	9/18/2023	DEPOSIT	000002	CREDIT CARD 9/18/2023	4,589.25	CLEARED	C	9/20/2023
1010	9/18/2023	DEPOSIT	000003	REGULAR DAILY POST 9/18/2023	491.40	CLEARED	C	9/20/2023

9/5/2023 12:56 PM  
 COMPANY: 999 - POOLED CASH FUND  
 ACCOUNT: 1010 CASH - POOLED  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK RECONCILIATION REGISTER

PAGE: 5  
 CHECK DATE: 9/01/2023 THRU 9/30/2023  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 000000 THRU 999999

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	-----AMOUNT----	STATUS	FOLIO	CLEAR DATE
DEPOSIT:								
1010	9/18/2023	DEPOSIT	000004	CREDIT CARD 9/18/2023	4,721.21	CLEARED	C	9/20/2023
1010	9/18/2023	DEPOSIT	000005	REGULAR DAILY POST 9/18/2023	234.25	CLEARED	C	9/20/2023
1010	9/18/2023	DEPOSIT	000006	CREDIT CARD 9/18/2023	2,229.52	CLEARED	C	9/19/2023
1010	9/18/2023	DEPOSIT	000007	CREDIT CARD 9/18/2023	1,040.08	CLEARED	C	9/20/2023
1010	9/18/2023	DEPOSIT	000008	CREDIT CARD 9/18/2023	1,036.67	CLEARED	C	9/20/2023
1010	9/18/2023	DEPOSIT	000009	CREDIT CARD 9/18/2023	992.43	CLEARED	C	9/19/2023
1010	9/18/2023	DEPOSIT	000010	CREDIT CARD 9/18/2023	1,965.84	CLEARED	C	9/20/2023
1010	9/18/2023	DEPOSIT	000011	CREDIT CARD 9/18/2023	316.01	CLEARED	C	9/20/2023
1010	9/18/2023	DEPOSIT	000012	CREDIT CARD 9/18/2023	3,635.24	CLEARED	C	9/21/2023
1010	9/18/2023	DEPOSIT	000013	REGULAR DAILY POST 9/18/2023	31,057.57	CLEARED	C	9/19/2023
1010	9/18/2023	DEPOSIT	000014	DAILY PAYMENT POSTING - ADJ	3,644.27CR	CLEARED	U	9/18/2023
1010	9/19/2023	DEPOSIT		CREDIT CARD 9/19/2023	8,717.21	CLEARED	C	9/20/2023
1010	9/19/2023	DEPOSIT	000001	REGULAR DAILY POST 9/19/2023	969.92	CLEARED	C	9/20/2023
1010	9/19/2023	DEPOSIT	000002	CREDIT CARD 9/19/2023	2,300.78	CLEARED	C	9/20/2023
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1010	9/19/2023	DEPOSIT	000004	CREDIT CARD 9/19/2023	3,727.15	CLEARED	C	9/22/2023
1010	9/19/2023	DEPOSIT	000005	REGULAR DAILY POST 9/19/2023	12,886.27	CLEARED	C	9/20/2023
1010	9/19/2023	DEPOSIT	000006	DAILY PAYMENT POSTING - ADJ	225.00CR	CLEARED	U	9/20/2023
1010	9/19/2023	DEPOSIT	000007	DAILY PAYMENT POSTING - ADJ	227.57CR	CLEARED	U	9/20/2023
1010	9/20/2023	DEPOSIT		CREDIT CARD 9/20/2023	15,742.99	CLEARED	C	9/21/2023
1010	9/20/2023	DEPOSIT	000001	REGULAR DAILY POST 9/20/2023	1,592.58	CLEARED	C	9/21/2023
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1010	9/20/2023	DEPOSIT	000007	REGULAR DAILY POST 9/20/2023	17,236.36	CLEARED	C	9/21/2023
1010	9/20/2023	DEPOSIT	000008	DAILY PAYMENT POSTING - ADJ	268.79CR	CLEARED	U	9/20/2023
1010	9/21/2023	DEPOSIT		CREDIT CARD 9/21/2023	18,282.68	CLEARED	C	9/22/2023
1010	9/21/2023	DEPOSIT	000001	REGULAR DAILY POST 9/21/2023	3,314.24	CLEARED	C	9/22/2023
1010	9/21/2023	DEPOSIT	000002	CREDIT CARD 9/21/2023	8,703.95	CLEARED	C	9/22/2023
1010	9/21/2023	DEPOSIT	000003	CREDIT CARD 9/21/2023	2,310.38	CLEARED	C	9/22/2023
1010	9/21/2023	DEPOSIT	000004	CREDIT CARD 9/21/2023	348.66	CLEARED	C	9/22/2023
1010	9/21/2023	DEPOSIT	000005	CREDIT CARD 9/21/2023	1,064.12	CLEARED	C	9/26/2023
1010	9/21/2023	DEPOSIT	000006	REGULAR DAILY POST 9/21/2023	2,269.11	CLEARED	C	9/22/2023
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1010	9/22/2023	DEPOSIT	000002	CREDIT CARD 9/22/2023	457.36	CLEARED	C	9/25/2023
1010	9/22/2023	DEPOSIT	000003	CREDIT CARD 9/22/2023	406.20	CLEARED	C	9/25/2023
1010	9/22/2023	DEPOSIT	000004	REGULAR DAILY POST 9/22/2023	252,779.23	CLEARED	C	9/25/2023
1010	9/22/2023	DEPOSIT	000005	CREDIT CARD 9/22/2023	1,527.47	CLEARED	C	9/27/2023
1010	9/22/2023	DEPOSIT	000006	REGULAR DAILY POST 9/22/2023	3,006.38	CLEARED	C	9/25/2023
1010	9/25/2023	DEPOSIT		CREDIT CARD 9/25/2023	3,185.79	CLEARED	C	9/26/2023
1010	9/25/2023	DEPOSIT	000001	REGULAR DAILY POST 9/25/2023	100.00	CLEARED	C	9/26/2023

COMPANY: 999 - POOLED CASH FUND  
 ACCOUNT: 1010 CASH - POOLED  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 9/01/2023 THRU 9/30/2023  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 000000 THRU 999999

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT----	STATUS	FOLIO	CLEAR DATE
<b>DEPOSIT:</b>								
1010	9/25/2023	DEPOSIT	000002	CREDIT CARD 9/25/2023	303.68	CLEARED	C	9/27/2023
1010	9/25/2023	DEPOSIT	000003	REGULAR DAILY POST 9/25/2023	1,605.08	CLEARED	C	9/27/2023
1010	9/25/2023	DEPOSIT	000004	CREDIT CARD 9/25/2023	657.65	CLEARED	C	9/27/2023
1010	9/25/2023	DEPOSIT	000005	REGULAR DAILY POST 9/25/2023	480.32	CLEARED	C	9/27/2023
1010	9/25/2023	DEPOSIT	000006	CREDIT CARD 9/25/2023	194.68	CLEARED	C	9/26/2023
1010	9/25/2023	DEPOSIT	000007	CREDIT CARD 9/25/2023	600.07	CLEARED	C	9/27/2023
1010	9/25/2023	DEPOSIT	000008	CREDIT CARD 9/25/2023	430.13	CLEARED	C	9/26/2023
1010	9/25/2023	DEPOSIT	000009	CREDIT CARD 9/25/2023	494.81	CLEARED	C	9/27/2023
1010	9/25/2023	DEPOSIT	000010	REGULAR DAILY POST 9/25/2023	33,668.23	CLEARED	C	9/26/2023
1010	9/25/2023	DEPOSIT	000011	CREDIT CARD 9/25/2023	175.20	CLEARED	C	9/28/2023
1010	9/25/2023	DEPOSIT	000012	REGULAR DAILY POST 9/25/2023	5,993.28	CLEARED	C	9/26/2023
1010	9/26/2023	DEPOSIT		CREDIT CARD 9/26/2023	2,258.54	CLEARED	C	9/27/2023
1010	9/26/2023	DEPOSIT	000001	REGULAR DAILY POST 9/26/2023	99.23	CLEARED	C	9/27/2023
1010	9/26/2023	DEPOSIT	000002	CREDIT CARD 9/26/2023	1,113.59	CLEARED	C	9/27/2023
1010	9/26/2023	DEPOSIT	000003	CREDIT CARD 9/26/2023	765.74	CLEARED	C	9/27/2023
1010	9/26/2023	DEPOSIT	000004	CREDIT CARD 9/26/2023	72.02	CLEARED	C	9/29/2023
1010	9/26/2023	DEPOSIT	000005	REGULAR DAILY POST 9/26/2023	81.54	CLEARED	C	9/27/2023
1010	9/27/2023	DEPOSIT		CREDIT CARD 9/27/2023	6,493.19	CLEARED	C	9/28/2023
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1010	9/28/2023	DEPOSIT	000004	CREDIT CARD 9/28/2023	388.78	OUTSTND	C	0/00/0000
1010	9/28/2023	DEPOSIT	000005	REGULAR DAILY POST 9/28/2023	951.52	CLEARED	C	9/29/2023
1010	9/29/2023	DEPOSIT		CREDIT CARD 9/29/2023	1,173.06	OUTSTND	C	0/00/0000
1010	9/29/2023	DEPOSIT	000001	REGULAR DAILY POST 9/29/2023	4,002.34	OUTSTND	C	0/00/0000
1010	9/29/2023	DEPOSIT	000002	CREDIT CARD 9/29/2023	571.36	OUTSTND	C	0/00/0000
1010	9/29/2023	DEPOSIT	000003	CREDIT CARD 9/29/2023	1,464.35	OUTSTND	C	0/00/0000
1010	9/29/2023	DEPOSIT	000004	REGULAR DAILY POST 9/29/2023	396.32	OUTSTND	C	0/00/0000

<b>MISCELLANEOUS:</b>								
1010	9/08/2023	MISC.		PAYROLL DIRECT DEPOSIT	35,532.15CR	CLEARED	P	9/08/2023
1010	9/22/2023	MISC.		PAYROLL DIRECT DEPOSIT	30,130.85CR	CLEARED	P	9/22/2023
1010	9/22/2023	MISC.	000001	PAYROLL DIRECT DEPOSIT	80.57CR	CLEARED	P	9/22/2023
1010	9/26/2023	MISC.	092623	TRANSFER CHG TO MM 320	228,551.20	CLEARED	G	9/27/2023
1010	9/26/2023	MISC.	092624	REVERSE JE# 611564	228,551.20CR	CLEARED	G	9/27/2023
1010	9/26/2023	MISC.	092625	TRANSFER CHG TO MM	228,551.20CR	CLEARED	G	9/27/2023

**SERVICE CHARGE:**



COMPANY: 999 - POOLED CASH FUND  
ACCOUNT: 1010 CASH - POOLED  
TYPE: All  
STATUS: All  
FOLIO: All

CHECK DATE: 9/01/2023 THRU 9/30/2023  
CLEAR DATE: 0/00/0000 THRU 99/99/9999  
STATEMENT: 0/00/0000 THRU 99/99/9999  
VOIDED DATE: 0/00/0000 THRU 99/99/9999  
AMOUNT: 0.00 THRU 999,999,999.99  
CHECK NUMBER: 000000 THRU 999999

ACCOUNT --DATE-- --TYPE-- NUMBER -----DESCRIPTION----- ----AMOUNT--- STATUS FOLIO CLEAR DATE

SERVICE CHARGE:

ACCOUNT	DATE	TYPE	NUMBER	DESCRIPTION	AMOUNT	STATUS	FOLIO	CLEAR DATE
1010	9/05/2023	SERV-CHG		AUGUST CHASE FEES	3,768.94CR	CLEARED	G	9/05/2023
1010	9/05/2023	SERV-CHG	000001	AUGUST CHASE FEES	532.82CR	CLEARED	G	9/05/2023
1010	9/05/2023	SERV-CHG	000002	AUGUST AMX FEES	65.91CR	CLEARED	G	9/05/2023
1010	9/19/2023	SERV-CHG		AUGUST ACCOUNT ANALYSIS FEES	397.91CR	CLEARED	G	9/19/2023

TOTALS FOR ACCOUNT 1010

CHECK	TOTAL:	522,078.63CR
DEPOSIT	TOTAL:	850,024.83
INTEREST	TOTAL:	0.00
MISCELLANEOUS	TOTAL:	294,294.77CR
SERVICE CHARGE	TOTAL:	4,765.58CR
EFT	TOTAL:	0.00
BANK-DRAFT	TOTAL:	31,171.13CR

TOTALS FOR POOLED CASH FUND

CHECK	TOTAL:	522,078.63CR
DEPOSIT	TOTAL:	850,024.83
INTEREST	TOTAL:	0.00
MISCELLANEOUS	TOTAL:	294,294.77CR
SERVICE CHARGE	TOTAL:	4,765.58CR
EFT	TOTAL:	0.00
BANK-DRAFT	TOTAL:	31,171.13CR



# MEMO

To: Board of Directors  
From: Trish Wilkinson, Accounting Supervisor  
Date: October 10, 2023  
RE: Accounting Supervisor's Report September 2023

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## Finance

### Revenue

- Received **FEMA Q2** reimbursements totaling \$228,551.20  
Revenue account 130-4320  

Project	PJ#	Amount
Tank 9	4382-112	\$ 52,496.74
Def Space	4558-398	\$113,315.30
Mainlines	4558-428	\$ 34,717.81
Generators	4431-57	\$ 31,032.38

Deposit made to Checking account #130-1010 on 9/26/2023
- Received FEMA **COVID** Grant in the amount of \$33,668.23  
Revenue split between accounts 120-4325 & 130-4325  
Deposit made to Checking account 120/130-1010 on 9/26/2023
- Received **IRWM I&I** Grant in the amount of \$24,228.03  
Revenue account 120-4325  
Deposit made to Checking account 120-1010 on 9/26/2023
- Received County of Lake Tax Assessments for **Sewer Bond** on 8/28/2023 in the amount of \$97,934.26  

Taxes, Assmt, & Bond Proceeds	Revenue account 215-4530 in the amount of \$4,359.48
Delqinquent Assessments	Revenue account 215-4540 in the amount of \$27,108.04
Delinq Penalty & Interest	Revenue account 215-4541 in the amount of \$50,888.11
Interest	Revenue account 215-4550 in the amount of \$9.62
Water Availability Fees	Revenue account 130-4045 in the amount of \$12,206.40
Interest	Revenue account 130-4550 in the amount of \$278.95
Sewer Availability Fees	Revenue account 120-4045 in the amount of \$3,083.66
Interest	Revenue account 120-4550 in the amount of \$32.06

Deposit made to Money Market account #1130 on 9/6/2023

### Transfer In/Out

- OUT** Water Enterprise Fund 130-1010 (Checking) \$228,551.20  
**IN** Water CIP Fund 320-1130 (Moneymarket) \$229,551.20



# Hidden Valley Lake Community Services District Projects Update Report September/October 2023

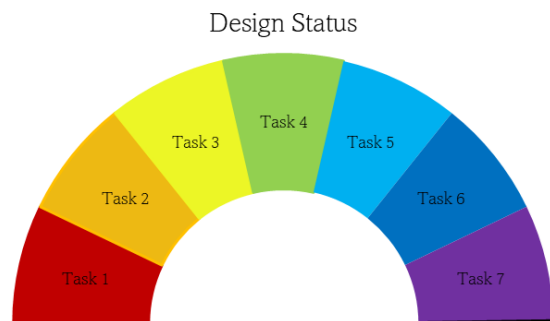
## Backup Power Reliability Project

- 8/30 CM RFP resubmitted, Construction IFB submitted
- 8/31 Placed purchase order for generators
- 9/6 PGE scheduled to remove storage shed power in early October
- 9/7 Received \$31,021.38 in reimbursements
- 9/13 CD & Construction optional on-site walk-thru
- 9/11 Shed demolition has begun
- 9/27 Construction bid deadline extended to 10/11
- 9/29 Proposal received for CM of project
- 9/29 Shed PG&E meter disconnected
- 10/4 Standard & Poor's interview
- Quarterly reporting

Expense Pd.	Request Date	Request Amt	NOP Amt	Warrant	Difference
Q3 2022	10/15/2022	\$370.62	\$250.14	01/31/2023	108 Days
Q4 2022	01/10/2023	\$2,240.97	\$1,512.45	02/14/2023	35 Days
Q1 2023	4/7/2023	\$3,397.21	\$2,292.81	05/05/2023	28 Days
Q2 2023	7/10/2023	\$45,239.00	\$30,532.25	09/07/2023	59 Days



- Task 1: Surveying
- Task 2: Soils Investigation
- Task 3: Utility Company Investigation
- Task 4: Environmental and Permitting Review
- Task 5: Basis of Design Technical Memorandum
- Task 6: Engineering Design Package
- Task 7: Bidding Support



# Defensive Space and Ignition Resistant Construction Project

- 8/23 Posted Notice of Exemption to State Clearinghouse
- 8/26 Projects workshop
- 9/11 Received \$113,315.27 in reimbursements
- 9/18 Submitted Closeout documentation
- 9/25 Submitted revisions to Closeout docs
- 10/4 Standard & Poor's interview



Wellfield

Expense Pd.	Request Date	Request Amt.	NOP Amt.	Warrant	Difference
Q3 2022	10/06/2022	\$2,501.64	\$1,688.38	01/23/2023	109 Days
Q4 2022	01/10/2023	\$3,981.15	\$2,686.92	02/03/2023	24 Days
Q1 2023	04/10/2023	\$100,002.50	\$67,492.69	05/05/2023	25 Days
Q2 2023	7/10/2023	\$166,307.65	112,242.70	9/11/2023	63 days



Unit 4 Tank



Little Peak Vegetation

Design Status



- Task 1: Geotechnical and Survey Field Work
- Task 2: Geotechnical Report
- Task 3: 35% Engineering Design Package
- Task 4: 65% Engineering Design Package
- Task 5: 95% PS&E
- Task 6: CEQA Initial Study/Mitigated Negative Declarations
- Task 7: Bidding Support



# Water System Storage Reliability Project

9/5 Received \$52,496.74 in reimbursements  
 9/6 Meeting with CM to discuss RFIs  
 9/8 Submitted revised BCA  
 9/13 Pre-construction meeting  
 9/20 Staging area planning  
 9/21 Notification letter discussion  
 9/25 GHD & BRCE meeting  
 9/27 CV Larsen, GHD, BRCE meeting  
 9/27 Notice to Proceed

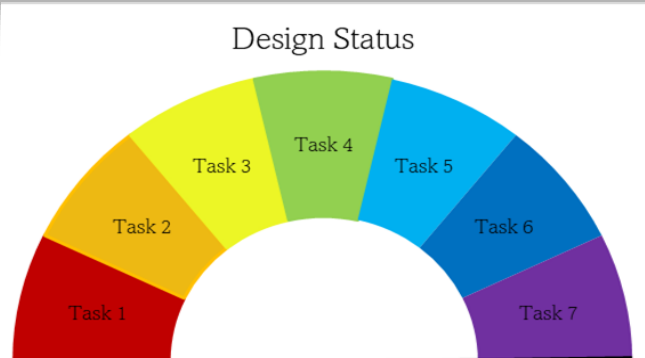
9/27 Materials, mobilization, schedule of values discussion  
 9/28 Contractor extension letter  
 9/28 ESDC Contract  
 9/28 Notification letter mailed  
 10/2 Geotechnical discussions  
 10/4 Standard & Poor's interview  
 10/5 Retention escrow discussions  
 10/6 New DIR established  
 Quarterly reporting

Expense Pd.	Request Date	Request Amt.	NOP Amt.	Warrant	Difference
Pre-Award	10/21/2022	\$19,076.17	\$12,876.41	12/02/2022	42 Days
Q3 2022	10/21/2022	\$4,350.45	\$2,936.55	12/02/2022	42 Days
Q4 2022	01/06/2023	\$15,995.73	\$10,594.62	01/23/2023	17 Days
Q1 2023	04/11/2023	\$64,128.44	\$43,286.70	05/05/2023	24 Days
Q2 2023	7/10/2023	\$75,689.98	\$52,496.74	9/5/2023	57 Days



Unit 9 Tank

- Task 1: Project Kick-off Meeting
- Task 2: Geotechnical Report
- Task 3: Basis of Design Tech Memo
- Task 4: 35% Engineering Design Package
- Task 5: 60% Engineering Design Package
- Task 6: Final Engineering Design Package
- Task 7: Bidding Support



# Water Distribution Reliability Project

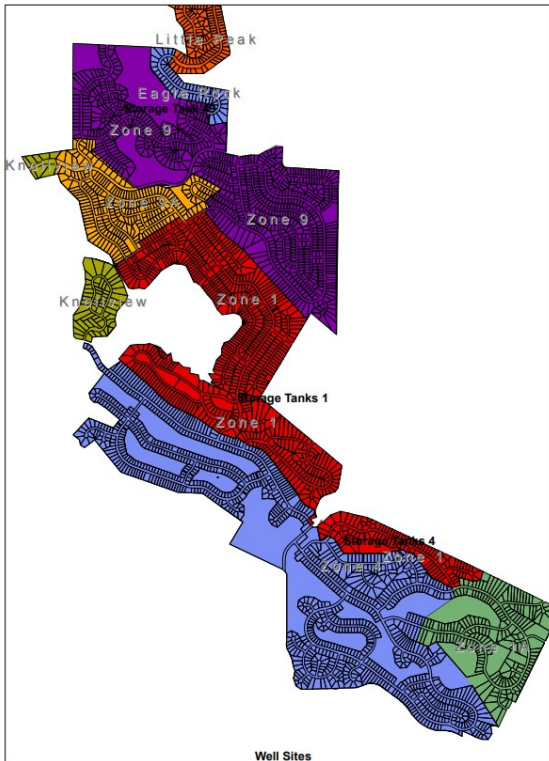
8/26 Project workshop

Developing hydraulic model

10/4 Standard & Poor's interview

Quarterly reporting

Expense Pd.	Request Date	Request Amt.	NOP Amt.	Warrant	Difference
Q4 2022	01/10/2023	\$1,450.49	\$978.95	02/14/2023	35 Days
Q1 2023	04/08/2023	\$34,543.03	\$23,313.44	05/05/2023	27 Days
Q2 2023	7/10/2023	\$46,174.40	\$31,163.56	09/11/2023	63 days



Design Status

- Task 1: Kick-off Meeting, Field Review, and Topographic Survey
- Task 2: Geotechnical Study and Seismic Hazard Assessment
- Task 3: Environmental Investigations and Document Preparation
- Task 4: 30% Engineering Design Package
- Task 5: 65% Engineering Design Package
- Task 6: Benefit Cost Analysis
- Task 7: Final Project Reports and Memorandum





## Other Project Updates

### **SCADA**

- 8/29 Requested revisions of West Yost On-call proposal
- 9/1 Received revision proposal
- Pending Professional Services Agreement

### **DWSRF 50924**

- Developing Water Reliability Plan of Study current total ~\$28M
- Costs include Tank 4, Tank 9, Wellfield, Generators, & SCADA

### **Bond Issuance**

- Financial Policies adopted
- Financial Authority structure adopted
- Official Statement development
- Standard & Poor's interview

### **Brambles**

- Tribal Monitoring agreement development
- Issued NOE to CEQAnet