



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #7

Subject: Approval of documents for the Suez Water Meter Agreement.

Submitted by: David Aranda, General Manager

Meeting Date: January 21, 2020

Background: At the November Board Meeting a majority of the Board approved moving forward with the project that was listed as a 15 Year Agreement with Suez at a cost of \$1,190,545, subject to the review and approval of the agreements by our attorney. Please keep in mind this is a 7 year agreement to pay for the equipment and maintenance and an additional 8 years for maintenance.

The attorney has reviewed the documents, made recommendations and changes and is satisfied with the agreement as presented. There were a number of items the attorney requested to be changed, some changes were made and some were not. If anyone wishes to see the mark up from the attorney please contact me.

It should be noted that two issues came up that will alter the total dollar costs over the 15 years. First, the presentation had no increase for the yearly maintenance fee, but the agreement did have a cost increase. The attorney and I negotiated a flat 1% increase each year which would increase the 15 year dollar amount by \$30,000 or \$2,000 per year. This amount is fair considering the service the District will receive year to year. See attorney email.

There is an unanswered question in regard to tax liabilities. I am waiting for that information.

Recommendation: Approve the agreement with Suez for the AMI Metering Asset Management and Maintenance Program at a cost not to exceed \$1,500,000. Please note on Exhibit B the loan payout and the spreadsheet attached in regard to the payments with the Meter Payment is for 7 years and Meter maintenance agreement for 15 Years. That is where the not to exceed \$1, 500, 00 is derived.

Vanessa Stevens

From: David Aranda <daranda@stallionspringscsd.com>
Sent: Monday, January 20, 2020 8:35 AM
To: Vanessa Stevens
Subject: Fwd: Stallion Springs Legal Response
Attachments: image001.jpg; Untitled attachment 00004.htm; image006.jpg; Untitled attachment 00007.htm; image007.jpg; Untitled attachment 00010.htm; image007.jpg; Untitled attachment 00013.htm; image001.jpg; Untitled attachment 00016.htm; image006.jpg; Untitled attachment 00019.htm; image007.jpg; Untitled attachment 00022.htm; image007.jpg; Untitled attachment 00025.htm; image001.jpg; Untitled attachment 00028.htm; image004.jpg; Untitled attachment 00031.htm; image005.jpg; Untitled attachment 00034.htm; image005.jpg; Untitled attachment 00037.htm; Untitled attachment 00040.docx; Untitled attachment 00043.htm; Untitled attachment 00046.docx; Untitled attachment 00049.htm

Sent from my iPhone

Begin forwarded message:

From: Jennifer Brandenburg <Jennifer.Brandenburg@bbklaw.com>
Date: January 17, 2020 at 3:42:25 PM PST
To: David Aranda <daranda@stallionspringscsd.com>
Subject: FW: Stallion Springs Legal Response

David,

I have received the revised terms from Suez, besides the tax item which they are still working. I am OK with the terms as revised by them.

The one thing I want to point out to make sure you were aware is under the SOW 7a which discusses the Maintenance Fee. It first states that the Maintenance fee will adjusted 1% annually as you mentioned. It also includes that should the Engineering News Report Construction Cost Index increase more than 4% a year, the Company has a right to right to renegotiate the Maintenance Fees amount. If the District and Suez fail to reach mutually agreeable terms to what the renegotiated fees would be, either parties have the right to terminate the Agreement.

Call me if you'd like to discuss.

Happy weekend!



Jennifer Brandenburg
Associate
jennifer.brandenburg@bbklaw.com
T: (213) 787-2542
www.BBKlaw.com ☐☐

From: Riner, Diana <diana.riner@suez.com>
Sent: Friday, January 17, 2020 3:18 PM
To: Jennifer Brandenburg <Jennifer.Brandenburg@bbklaw.com>
Subject: RE: Stallion Springs Legal Response

CAUTION - EXTERNAL SENDER.

Jennifer,

Our tax department is still working with the business team on the tax line item by year and what the tax entails, so in the interest of time I am forwarding the documents for your preliminary review minus that item. I put a note/highlight in the SOW to this effect.

Thanks, and hope you have a great weekend! Our office is closed on Monday but I will be available on email if you have any questions.

Kind regards,

Diana New Riner
Corporate Attorney
SUEZ Advanced Solutions, LLC

SUEZ
535 Courtney Hodges Boulevard
Perry, GA 31069
Office: 478 988 5205
Mobile: 770 584 9169

Maintenance Program Coverage

Continuous condition assessment reporting – 24/7 System Monitoring watching for anomalies in performance. AMI Monitoring Service included.

AMI Network Preventive and Corrective Maintenance – Annually and as needed, includes Annual DCU Maintenance Agreement per Collector – Annually and as needed (DCU = Towers).

Meter Corrective Maintenance – If something is off a preset baseline reading high, low, or not at all, system will be notified, if unable to identify problem an on-site investigation will be performed.

Includes Annual Water Meter Service Agreement per Meter – This refers to each meter individually and is to extend the manufacturer’s warranty for the full agreement period.

Transmitter corrective maintenance – Maintenance to be performed annually and as needed to the transmitter at the meter (MTU) which sends the readings to the DCU.

Includes Annual Transmitter Service Agreement per Transmitter - This refers to each transmitter individually and is to extend the manufacturer’s warranty for the full agreement period.

Software Support and Upgrades includes any and all software updates to the system and training on new versions as they are released.

Hosting Services and IT support - Hosting services includes the Cloud Account used in the backhaul area of the system and 24/7 IT support availability.

Backhaul Communications is included as part of the maintenance program coverage. This includes obsolescence of technologies such as 2G/3G cellular end of life.

Product warranty and Returned Materials Authorization (RMA) is included as part of the program. All warranty claims and returned goods will be handled by Suez.

Annual System Training or as needed -

Stallion Springs AMI - 15 Year Pro

	Annually	Total Program
Meter Payment 7 Years	\$114,700	\$802,900
Meter Maint \$25,843 + 1% Annually	\$27,733	\$415,992
Totals	\$142,433	\$1,218,892
Revenue Enhancement	\$255,074	\$3,826,110
Financial Benefit after payments	\$173,815	\$2,607,218
1st Payment Due 7/1/21	\$140,543	
18 Month Revenue Enhancement minus 8 month deployment time.	\$212,561	
	\$72,018	Accrued Balance after 1st payment



First payment due 18 months from the date contract is signed. Should take approx. 6-8 months to deploy system. Using 2/1/2020 as contract date first payment due 7/1/2021. Year 1 of the 15 year program begins with first payment.

First 7 years = \$142,433 (This uses an average of the total 15 year maint after 1% year increase)

Last 8 years = \$27,733 (Also an average of 15 years maint with 1% escalation year)

SCOPE OF WORK NO. 1
TO THE MASTER SERVICES AGREEMENT BETWEEN
UTILITY SERVICE CO., INC.
AND
STALLION SPRINGS COMMUNITY SERVICES DISTRICT

METER MAINTENANCE PROGRAM

1. **Effective Date.** The Effective Date for this Scope of Work No. 1 ("SOW1") shall be _____, 2020.
2. **Term.** This SOW1 shall commence on the Effective Date and shall continue in full force and effect for a period of fifteen (15) years ("Term"), unless terminated as set forth in Section 9 of the Master Services Agreement.
3. **Description of Meter Maintenance Program and Company's Obligations.** The Meter Maintenance Program shall consist of two phases: an initial deployment phase and a maintenance phase. This SOW1 outlines the Company's responsibility for deployment, commissioning and maintenance of a Meter Maintenance Program. The Company shall provide all labor, equipment, and materials and use proprietary technology and know-how to complete installation for the Meter Maintenance Program.
 - a. The Company shall supply and install water meters ("meters") at locations throughout Stallion Springs Community Services District. The meters supplied will be in the following quantities by size:

Meter Size	Quantity
3/4"	1294
1"	98
1-1/2" Turbine	1
2" Turbine	5
3" Compound	2

The residential and light commercial meters will comply with the following specifications:

- All meters shall meet or exceed the latest version of the American Water Works Association Standard C700 or C710 for positive displacement type meters.
- All materials used in the construction of the main cases shall have sufficient dimensional stability to retain operating clearances at working temperature up to 105 degrees Fahrenheit.
- The meter serial number shall be stamped on the main case of the meter.
- Measuring chambers shall be made of a suitable engineered plastic as described in AWWA C700 or C710.
- The measuring chamber shall employ a stainless-steel shaft for the drive magnet.
- The measuring chamber drive magnet shall be encapsulated in plastic.

- The measuring chamber shall incorporate a locating device that aligns to the main case of the meter to ensure proper chamber orientation and alignment.
- The measuring chamber shall be locked into place with a chamber retainer.
- All meters shall be 100% factory tested for accuracy and have the factory test results provided with each meter.
- Meters shall be pressure tested to ensure against leakage.

The commercial meters will comply with the following specifications:

- Shall meet or exceed all requirements of ANSI/AWWA Standard C701 and C702 for Class II turbine and compound meter assemblies. Each meter assembly shall be performance tested to ensure compliance.
- The meter main case shall be bronze or epoxy coated ductile iron composition.
- The measuring chamber shall consist of a measuring element, removable housing, and all-electronic register.
- The meter package shall meet or exceed all requirements of NSF/ANSI Standard 61, Annex F and G.

b. The company will supply and install 1396 Single Port Advance Metering Infrastructure (AMI) water modules ("AMI Water Modules") and 2 Dual Port AMI water modules which meet the following specifications:

- The AMI Water Module shall be capable of receiving meter data from the meters described above.
- AMI Water Module meters/service and other related endpoint devices shall be capable of being configured to communicate with the installed Data Collector Units ("DCUs").
- The AMI Module shall communicate using licensed 450 MHz band, certified to comply with FCC Part 90 rules.
- The AMI Water Module shall be designed and built for installation in outdoor water meter boxes
- Water endpoint devices shall be housed in a single package design designed for rugged, harsh environments and capable of complete submersion in water without damage.
- The AMI Water Module must function accurately and not be damaged over an operating temperature range of -40 deg. C to +70 deg. C.
- The AMI Water Modules shall be designed to operate in the above conditions and have an estimated battery life of 15 years.
- Battery life data shall be transmitted alerting of low battery levels for preemptive maintenance.
- The AMI module shall have the capability to receive and process commands from the host system for all firmware updates to eliminate the need to manually perform the update function at each locale.
- The AMI Water Module shall employ actionable reports/alerts, to include:
 - Tamper Alert or Meter disconnected
 - Bad Read - ? or – marks

- Small Leak Detected
 - Large Leak Detected
 - No Flow detected – Specific period of time set in the host software
 - Reverse Flow / Backflow
 - High Flow Rate Detected – Specifics set in host software
 - Battery Health
- Each AMI module's clock date & time settings shall be updated to match reference date & time that shall be regularly provided to the meter via the Host Software, defined below.

c. During the initial deployment phase, if the number of installed meters found exceed the meter quantities as detailed above in Section 3a., the Company will notify the Owner of this change in writing. The Company will supply and install water meters and AMI Modules at these additional locations, unless the Owner declines the additional meter quantities in writing to Company's Project Manager, prior to start of work. The Owner will have the choice to pay for the additional work separately as a one-time charge, or have the Investment Fee and the Maintenance Fee updated to reflect the new cost of service. If the number of installed meters and AMI modules found are less than the meters and AMI modules quantities as detailed above, the Company will notify the Owner of this change in writing. The Company will reimburse the Owner the cost of the meters and AMI modules less a restocking fee. If the Owner elects to keep a portion or all of said meters and AMI modules, the Owner shall notify the Company in writing. No reimbursement to the Owner shall be made on any meters and AMI modules the Owner elects to keep. The kept meters and AMI modules shall be delivered to the Owner.

d. The company will supply and install sufficient Data Collector Units (DCU) to provide adequate coverage of the Owner's service territory. The DCUs will comply with the following specifications:

- The DCUs shall be battery powered with either AC or solar powered battery charger, which communicates in the licensed 450 MHz range with all the AMI modules in its assigned area.
- The DCUs shall communicate to the Network Control Center (NCC) via a universal wide area network (WAN) connection, such as GSM/GPRS cellular, Ethernet or fiber to allow communication with the Host Software.
- The DCUs shall collect and aggregate the stored meter data from all the AMI Modules in its zone a minimum of once per day and upload the information to the Host Software a minimum of once per day providing interval reads from each AMI module as programmed.
- The Host Software shall allow self-diagnosis of any problems associated with the back haul of the communication system and the ability to automatically seek an alternate communication path if initial daily or real-time upload is unsuccessful.
- The DCU shall have the ability to time synchronize all devices to within 5 seconds once per day and allow daily upload of meter data and system health checks is required.
- The DCU shall allow remote firmware and software upgrades.

- e. The Company will assist the Owner with the preparation of a license application for submittal to the Federal Communications Commission for the issuance of a license which would allow the Owner to operate the AMI system within the utility service territory of the Owner. The Company cannot guarantee the issuance of a license by the Federal Communications Commission, and the Company shall not be liable to the Owner for any damages in the event that the license is not issued; however, if the license is not issued, the Owner shall pay the Company for all Services performed/completed prior to the Federal Communications Commission's decision not to issue the license.
- f. The Company shall provide the Owner with accessibility to a managed hosting service, which will include monitoring services and backup services, installation of security patches and various levels of technical support. The hosted solution shall utilize a secure web-based application.
- g. The Company will provide a hosted software system ("Host Software") with the following capabilities:
- The Host Software shall act as the central collection point for the data within the system. The server collects data from all of the DCUs and stores the gathered data in a secure database. Once data is stored and analyzed on the server, the data shall be available for display via an easy to use web based graphical interface. Access to the data shall be provided to the Owner by means of a user name and password.
 - The data will be available via a user interface that will allow for analysis, as well as bill generation.
 - The Host Software shall manage and archive data for five years such that it can be accessed by any Owner computers, handheld devices remotely via the web.
 - Using information from alerts uploaded in the data, the Host Software shall have the ability to generate user specific reports for each status code, configured by the User Interface.
 - Where Company or its suppliers have reduced or eliminated functionality in the Host Software, the parties shall negotiate and determine the fair value of the reduced or eliminated functionality, and Company shall immediately adjust the Maintenance Fees accordingly on a prospective basis.
 - Where Company or its suppliers have increased, added or upgraded functionality in the Host Software, the parties shall negotiate and determine the fair value of the increased, added or upgraded functionality and Company shall immediately adjust the Maintenance Fees accordingly on a prospective basis.
 - It is the policy of Company's supplier to provide support, including appropriate replacement product, for the term of this SOW1. This support includes the repair or replacement of failed equipment, availability of compatible product for normal maintenance and growth and software support for the equipment provided. Company's supplier cannot take responsibility for third party equipment and software. Company's supplier will make commercially reasonable efforts such that new features are compatible with existing systems, but does not guarantee such compatibility.

- In the event of any Owner Data (defined as data collected from the field devices, meters, MTUs, and DCUs, and any additional devices added under this SOW1 or any amendment thereto, and data from the CIS/Billing software) or data security incident (“Data Breach”) with regard to the Host Software, Company shall notify the Owner in writing as soon as practicable of such occurrence or suspected occurrence and provide any efforts to mitigate the effect of such unauthorized access, use, or disclosure and corrective actions Company or its suppliers will take to prevent further Data Breaches.
- Company is provided a limited license to Owner Data for the sole and exclusive purpose of providing the services in this SOW1, including a license to collect, process, store, generate, and display Owner Data only to the extent necessary in the providing of services in this SOW1. Company shall: (i) keep and maintain Owner Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations and applicable law, to avoid unauthorized access, use, disclosure, or loss of Owner Data; (ii) use and disclose Owner Data solely and exclusively for the purpose of providing the services, such use and disclosure being in accordance with this SOW1 and applicable law; and (iii) not use, sell, rent, transfer, distribute, or otherwise disclose or make available Owner Data for Company’s own purposes or for the benefit of anyone other than Owner without Owner’s prior written consent.

h. The Company will establish and maintain communications service between the DCUs and the Host Software.

i. The Company shall supply and deliver the AMI System components identified herein, including training and ensuring the proposed AMI system is operational prior to full deployment. This includes the development of an exporting interface to the utility billing system and functional testing of the system.

j. The Company’s project manager shall oversee the execution of all aspects of the project and provide regular progress reports to the Owner.

k. The Company will provide installation of water meters and AMI modules per the following process:

- Safely remove meter box cover and verify meter number.
- Attempt to notify resident if they are home. If there is no answer, check to see if meter is turning. If turning, come back later or wait a few moments to see if meter stops turning.
- Turn curb stop off.
- Record final reading from old meter.
- Remove old meter.
- Install new meter and washers.
- Open resident’s spigot(s) to flush air and debris from house line.
- Turn curb stop on.
- Verify the new meter is turning.
- Install new radio transmitter by connecting wires.
- Program AMI module per manufacturer’s procedures

- Remove all trash and debris and leave job site in the same condition in which it was found.
- Record GPS location of water meter.
- Replace meter box cover.
- Reinstall meter box cover. If the meter box cover does not allow for the transmission of the RF signal, the cover shall be replaced with an RF friendly cover.
- When a meter exchange is completed, all components within the meter box shall be in working order with no leaking components and the meter turning as designed. Meter box shall be free of debris or trash.

I. The Company will:

- Schedule warranty service work two weeks in advance with Owner verification of sufficient replacement hardware.
- Provide 98.5% read rate over a three-day period.
- Schedule field service to maintain 98.5% read rate over a three-day period.
- Provide replacement hardware of any component, detailed above, which fails, except as detailed in Section 8 of this SOW1

4. Owner's Obligations.

- a. Owner shall verify all water meter pit boxes are clean and in good condition.
- b. Owner shall verify that all meter isolation/pit valves are in good working order, providing a complete shutoff.
- c. Owner shall provide access to Owner's public buildings and water tanks as necessary in order to install DCUs.
- d. The Owner shall cooperate and ensure that we have access to the water meter boxes for installation and/or maintenance of meters. Owner must provide any necessary written notice(s) to the Owner. The Owner will cooperate with Company to use any of their facilities (in a nonintrusive manner) to effectively install any equipment necessary for the metering service.
- e. The Owner will have to provide all of the information and support needed so that the Company can efficiently and effectively implement the AMI system export interface to the Owners billing system.
- f. During the initial deployment phase, if the Company finds that the Owner was not able to fulfill above obligations 4a and/or 4b, the Company will continue to supply and install water meters and AMI Modules at these locations, unless the Owner declines this service in writing to the Project Manager, prior to start of work. The Owner will have the choice to pay for this additional work separately as a one-time charge, or have the Investment Fee and the Maintenance Fee updated to reflect the new cost of service.
- g. Owner agrees to keep one percent of the total number of installed AMI Water Modules in stock (minimum ten modules) for exclusive use by the Company for performing warranty replacement work.
- h. Owner agrees to maintain sufficient replacement hardware including spare water meters and water meter registers.
- i. Owner is aware that insufficient replacement hardware for warranty service could lead to delays in service.

5. Software License. This Section sets forth the terms and conditions of the license for the Host Software ("Software") provided to Owner. Company and its suppliers grant to

Owner a limited, nontransferable, non-exclusive and perpetual license to use the Software in object code form on a single central processing unit or computer network owned or leased by Owner or otherwise embedded in equipment provided by Company's supplier, solely in connection with the Owner's business operations. Owner may not modify or change the Software.

No right, title, or license in the Software shall transfer to the Owner, including any of Company supplier's trademarks, copyrights, patents, trade secrets, trademarks or other intellectual property rights embodied therein or used in connection therewith. The Owner is expressly prohibited from sublicensing, selling or otherwise transferring any of the Software. The Owner is required, as soon as practically possible, to notify Company and Company's supplier of any actual or suspected infringement of all or any part of the Software. The Software may be used only for the Owner's own business and by its officers, officials and employees in the performance of Owner's business, and the Owner shall not permit any parent, subsidiary, affiliated entity or third party to use the Software without prior written consent from Company. If said written consent is received from Company, any additional party shall be required to comply with the terms of this Software License. The Owner may make one archival copy of the object code for the Software, provided that the copy shall include the copyright and other proprietary notices found herein.

Company's supplier owns all proprietary rights, including patent, copyright, trade secret, trade name, trademark, service mark, logo, and other proprietary rights, in and to the Software, the training and instructive materials, and any corrections, bug fixes, enhancements, derivative works, updates or other modifications, including custom modifications, of or to the Software and the training and instructive materials related thereto, whether made or created by Company's supplier, Company, the Owner or any third party. Except as expressly agreed by Company's supplier and Company in a signed writing, all rights in and to Company's supplier's intellectual property are expressly retained by Company's supplier. Except as expressly set forth herein, no license or right related to Company's supplier's intellectual property shall be deemed to be granted to Company, the Owner or any third party.

Only Company's supplier or its authorized agents shall have the right to alter, maintain, enhance, customize, or otherwise modify the Software. Company's supplier shall not be responsible for any malfunction, error, or failure of the Software resulting from any alteration, maintenance, enhancement, customization or modification performed by the Owner or any unauthorized third party. The Owner shall not disassemble, decompile, reverse engineer, reverse assemble, reverse compile or make extracts from the Software or create any derivative works or similar methods therefrom or permit others to do so.

Restrictions on Use.

Licensing parameters. The Owner's use of the Software is restricted to these Licensing Parameters. Use of the Software outside the Licensing Parameters is subject to the express written consent of Company and Company's supplier and the payment of all required additional fees.

1. Technology System

- a. The Owner may not rent the Software or use the Software on a time share basis. This restriction is specifically applicable to any service or service bureau arrangement to which the Owner is, or may be, a

- party. The Owner shall not directly or indirectly, make the Software available to others.
- b. If the Owner has a Multi-Utility license, the Owner's use of the Software and training and instruction materials is restricted to (i) the Owner's internal use solely in connection with the Owner's use of Company's Technology System and to (ii) the Owner's use in providing meter reading services to its customer/utilities utilizing Company's Technology System.
 - c. The customer/utilities to which the Owner may provide such services are limited to those that shall be identified as the Attachment A of this SOW1. It is the obligation of the Owner to update such list no less frequently than annually.
2. Alteration. The Owner's use of the Software is limited in that the Owner is prohibited from altering, attempting to reverse engineer, attempting to decompile, or creating or attempting to create a derivative work from the Software.
3. Copies
- a. The Owner's use of the Software is limited in that it may not copy the Software except for:
 - i. Use in the computer equipment of Company or Owner in which the Software is loaded and such additional equipment as Company and Owner may from time to time designate in writing;
 - ii. Back up purposes; and
 - iii. Archival purposes.
 - b. All such copies shall include any copyright notices appearing in the Software.
 - c. The Owner shall have the right to copy and modify the Software training and instruction materials to coordinate these materials with the Owner's own internal training and working procedures. Company and Company's suppliers shall have no liability or obligation to the Owner with respect to any modified training and instruction materials, and any additional costs incurred by Company or Company's supplier in the integration or maintenance changes caused by such modifications shall be reimbursed to Company by the Owner.
4. Compliance with Laws. The Owner's use of the Software is limited in that it must use the Software and the training and instruction materials in accordance with all applicable laws and regulations of the United States and the Federative Republic of Brazil.
5. Used on Designated Equipment. The Owner's use of the Software is restricted to use on the Designated Equipment, defined as the computer equipment of Company or Owner in which the Software is loaded and such additional equipment as Company and Owner may from time to time designate in writing. Should the Owner desire to transfer the operation of the Software to a computer other than the Designated Equipment, the Owner shall notify Company and Company's supplier upon such transfer. Such computer must meet the required specifications of the Designated Equipment. Under no circumstance may the Software be used for production purposes on other than the Designated Equipment.
6. Temporary Use. Without notice to Company or Company's supplier, the Owner may temporarily transfer the operation of the Software to a backup computer if the Designated Equipment is inoperative due to malfunction, or

during the performance of preventative maintenance, engineering changes or changes in features or model until the Designated Equipment is restored to operative status and processing of the data already entered into the back up computer is completed.

IN NO EVENT WILL COMPANY OR ITS SUPPLIERS BE LIABLE FOR ANY LOST REVENUE, PROFIT, OR DATA, OR FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL, OR PUNITIVE DAMAGES HOWEVER CAUSED AND REGARDLESS OF THE THEORY OF LIABILITY ARISING OUT OF THE USE OF OR INABILITY TO USE THE SOFTWARE EVEN IF COMPANY OR ITS SUPPLIERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. In no event shall Company's or its suppliers' liability to Owner, whether in contract, tort (including negligence), or otherwise, exceed the price Owner paid.

This License is effective until this SOW1 is terminated as set forth in Section 9 of the Master Service Agreement. Additionally, Company may terminate this License immediately upon notice to Owner. This License will terminate immediately without notice from Company if Owner fails to comply with any provision of this SOW1, to include nonpayment or violation of the terms of use in effect from time-to-time during the term of this SOW1. Upon termination of this License, Owner must return or destroy all copies of Software.

This License shall be governed by and construed in accordance with the laws of the State of California. If any portion hereof is found to be void or unenforceable, the remaining provisions of this License shall remain in full force and effect. This License constitutes the entire License between the parties with respect to the use of the Software.

6. **Fees and Payment Terms.** For the performance of the Services, Owner shall pay Company in accordance with the terms of this Section 6. The fees paid shall constitute the full and complete compensation to Company for the Services performed pursuant to this Agreement. The Meter Maintenance Program is estimated to be deployed within fifteen months of execution of this Agreement. The five (5) investment fees ("Investment Fees") shall be payable based on the achievement of the applicable milestone ("Milestone") in the Project Milestone Table below:

Project Milestone		Investment Fees		
Month	Milestone	%	Amount	Total
1	30 days after Contract signature	30%	\$ 210,450.00	\$210,450.00
5	Collectors installation	30%	\$ 210,450.00	\$420,900.00
8	Meter/transmitter Procurement	15%	\$ 105,225.00	\$526,125.00
11	Meter/Transmitter installation 50% completed	10%	\$ 70,150.00	\$596,275.00
15	Final Completion	15%	\$ 105,225.00	\$701,500.00
Total			\$ 701,500.00	

Project Milestone	Description	Deliverable
30 days after Contract signature	30 days after Contract has been signed by both parties.	Contract signed

	All collectors have been installed and commissioned for communication to the headend. DCU records sent via the backhaul to the headend for confirmation.	Collectors Test Report	
a.	Meter/transmitter procurement	All installation equipment and material has been procured and Meter/Transmitter installation is ready to begin	Project Report with Installation Plan
	Meter/transmitter installation 50% completed	50% of meter / transmitter installations have been completed	Reception report from Headend Software
	Final completion	Installation has been completed with billing using first month of AMI data	First AMI Status report including check list

h

Five (5) Investment Fees, plus all taxes if applicable, shall be properly due and payable immediately by the Owner following the Company's completion of each applicable Milestone set forth above. Owner agrees to pay the applicable undisputed Investment Fee to the Company immediately following the receipt of a properly due and payable invoice, which shall follow the Company's completion of the applicable Milestone. In the event that Owner disputes an invoice amount or Company's completion of any Milestone, both Parties shall work together in good faith to resolve the dispute under the terms of the Master Services Agreement. If there is a good faith dispute with regard to a portion of an invoice, Owner will provide notice and detail of the dispute within ten (10) days of Owner's receipt of such invoice, and Owner will pay the undisputed portion as provided in this Agreement. Upon resolution of the dispute under the terms of the Master Services Agreement, any amount owed by Owner shall be immediately paid to the Company.

- b. Owner has chosen to finance the Investment Fees, which total **\$701,500.00** through Government Capital Corporation, and Owner hereby guarantees to use the full amount financed through Government Capital Corporation for the Investment Fees under this SOW1. Owner shall not divert funds financed through Government Capital Corporation for any other purpose or project, except the payment of the investment fees as required herein.
7. a. The annual maintenance fees ("Maintenance Fees") shall be in addition to the Investment Fees and shall be payable each Contract Year during the Term of this SOW1. The Maintenance Fee for Contract Year 1 shall be **\$25,843.00**; however, at each anniversary date, the annual Maintenance Fee shall be adjusted to reflect the current cost of service. The adjustment of the annual Maintenance Fee shall be limited to a maximum of 1% per annum.

Company shall review the year over year change to the ENR-CCI in September of each Contract Year, and the parties agree that should the Engineering News Report Construction Cost Index (ENR-CCI) increase more than four percent (4%) year over year in any given Contract Year during the term of this SOW1, the Company shall have the right to renegotiate the fees under this SOW1. If the parties are unable to mutually

agree upon renegotiated fees under this Section after a period of forty-five (45) days, then either party shall have the right to terminate this SOW1 with thirty (30) days' written notice to the other party.

All applicable taxes are the responsibility of the Owner and are in addition to the stated costs and fees in this SOW1. The parties agree that under California law at the time of execution of this SOW1, the Company is responsible for sales and use tax. Should there be a change in law regarding sales and use taxes, the parties agree to negotiate an amendment to this SOW1 in good faith, in applying a change in law to the then-current and future fees.

[TAX LANGUAGE AND FEES TO BE ADDED]

b. Adjustment to Investment and Maintenance Fee: The Investment fee and Maintenance Fee shall be adjusted to reflect any additional cost of services incurred under 3.c. and 4.f. above. This fee adjustment shall be in the form of a written amendment signed by both parties to the SOW1.

c. All applicable taxes are the responsibility of the Owner and are in addition to the stated costs and fees in this Section 6. Furthermore, if the Owner elects to terminate this Agreement prior to remitting all five (5) Investment Fees for any reason, then the contract price for the work completed in the initial deployment phase plus any outstanding Maintenance Fee(s) through the termination date shall be due and payable within thirty (30) days of the issuance of the termination notice.

8. **Limited Warranty.** NEW EQUIPMENT (EXCLUDING PIT LIDS AND REMOTE SHUTOFF VALVES) SUPPLIED BY THE COMPANY IS WARRANTED TO BE FREE FROM MATERIAL DEFECTS AND WORKMANSHIP UNDER NORMAL USE AND SERVICE. THE COMPANY'S OBLIGATION UNDER THIS WARRANTY IS LIMITED TO REPAIRING OR REPLACING, BY AGREEMENT OF BOTH PARTIES,, ANY PART FOUND TO THE COMPANY'S SATISFACTION, BASED ON INDUSTRY STANDARDS, TO BE SO DEFECTIVE.

THIS WARRANTY DOES NOT COVER DAMAGE RESULTING FROM MISUSE, ACCIDENT, NEGLIGENCE, ABUSE, ALTERATION, AND VANDALISM OR FROM IMPROPER OPERATION, MAINTENANCE, IMPROPER ALIGNMENT, MODIFICATION, OR ADJUSTMENT. IF OWNER OR OTHERS REPAIR, REPLACE, OR ADJUST EQUIPMENT OR PARTS WITHOUT THE COMPANY'S PRIOR WRITTEN APPROVAL, THE COMPANY IS RELIEVED OF ANY FURTHER OBLIGATION TO THE OWNER UNDER THIS SECTION WITH RESPECT TO SUCH EQUIPMENT OR PARTS.

THIS WARRANTY DOES NOT COVER LABOR FOR ON-SITE REPAIR, REMOVAL, INSTALLATION, RE-INSTALLATION, OR REPLACEMENT OF EQUIPMENT, WHICH INCLUDES, BUT IS NOT LIMITED TO: WATER METERS, AMI MODULES, AND/OR REMOTE SHUTOFF VALVES. IF OWNER OR A THIRD PARTY REPAIRS, REPLACES, OR ADJUSTS ANY EQUIPMENT WITHOUT THE COMPANY'S PRIOR WRITTEN APPROVAL, THE COMPANY IS RELIEVED OF ANY FURTHER OBLIGATION TO THE OWNER UNDER THIS SECTION WITH RESPECT TO SUCH EQUIPMENT.

THE COMPANY'S LIABILITY FOR BREACH OF THESE WARRANTIES (OR FOR BREACH OF ANY OTHER WARRANTIES FOUND BY A COURT OF COMPETENT

JURISDICTION TO HAVE BEEN GIVEN BY THE COMPANY) SHALL BE LIMITED TO: (A) ACCEPTING RETURN OF SUCH EQUIPMENT AND (B) REFUNDING ANY AMOUNT PAID THEREON BY THE OWNER (LESS DEPRECIATION AT THE RATE OF 15% PER YEAR IF THE OWNER HAS USED EQUIPMENT FOR MORE THAN THIRTY [30] DAYS), AND CANCELING ANY BALANCE STILL OWING ON THE EQUIPMENT AND (C) IN THE CASE OF SERVICE, AT THE COMPANY'S OPTION, REDOING THE SERVICE, OR REFUNDING THE PURCHASE ORDER AMOUNT OF THE SERVICE OR PORTION THEREOF UPON WHICH SUCH LIABILITY IS BASED. THESE WARRANTIES ARE EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, AND THE COMPANY SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND IN LIEU OF ANY OTHER OBLIGATION OR LIABILITY ON THE PART OF THE COMPANY WHETHER A CLAIM IS BASED UPON NEGLIGENCE, BREACH OF WARRANTY, OR ANY OTHER THEORY OR CAUSE OF ACTION. IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES OF ANY KIND. FOR PURPOSES OF THIS SECTION, THE EQUIPMENT WARRANTED SHALL NOT INCLUDE EQUIPMENT, PARTS, AND WORK NOT MANUFACTURED OR PERFORMED BY THE COMPANY. WITH RESPECT TO SUCH EQUIPMENT, PARTS, OR WORK, THE COMPANY'S ONLY OBLIGATION SHALL BE TO ASSIGN TO THE OWNER THE WARRANTIES PROVIDED TO THE COMPANY BY THE MANUFACTURER OR SUPPLIER, IF ANY, PROVIDING SUCH EQUIPMENT, PARTS OR WORK. NO EQUIPMENT FURNISHED BY THE COMPANY SHALL BE DEEMED TO BE DEFECTIVE BY REASON OF NORMAL WEAR AND TEAR, OWNER'S FAILURE TO PROPERLY STORE, INSTALL, OPERATE, OR MAINTAIN THE EQUIPMENT IN ACCORDANCE WITH GOOD INDUSTRY PRACTICES OR SPECIFIC RECOMMENDATIONS OF THE COMPANY, OR OWNER'S FAILURE TO PROVIDE COMPLETE AND ACCURATE INFORMATION TO THE COMPANY CONCERNING THE OPERATIONAL APPLICATION OF THE EQUIPMENT.

SIGNATURE PAGE TO FOLLOW.

The Parties hereby execute this SOW1 by their duly authorized representatives as of the date(s) set forth herein below.

OWNER

COMPANY

Stallion Springs Community Services District

Utility Service Co., Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

DRAFT

MASTER SERVICES AGREEMENT
Terms and Conditions

This MASTER SERVICES AGREEMENT ("Agreement") is entered into by and between STALLION SPRINGS COMMUNITY SERVICES DISTRICT with a principal business address of 27800 Stallion Springs Drive, Stallion Springs, CA 93561 ("Owner"), and UTILITY SERVICE CO., INC., a Georgia corporation with a principal business address of 1230 Peachtree Street, NE, Suite 1100, Atlanta, Georgia 30309 ("Company").

WHEREAS, the Owner and Company (collectively, "the Parties") desire for Company to provide services to Owner under the terms set forth herein;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Scope. The Company agrees to provide the Owner with certain services ("Services") set forth on each properly executed SOW to be attached hereto and incorporated herein by reference. Each SOW shall be subject to the general terms and conditions (the "Terms and Conditions") set forth in this Agreement. Each time Owner engages Company to perform Services, a new SOW shall be prepared specifying the scope of Services specific to that engagement. Unless otherwise indicated in any given SOW, Company shall be responsible for furnishing all labor and materials to perform the Services. Each new SOW represents a separate contract between Company and Owner that incorporates the Terms and Conditions and is governed by this Agreement. All changes to any SOW may only be made by a written amendment to such SOW and signed by an authorized representative of each Party. Owner may terminate a SOW in accordance with the terms of each SOW. In the event there is a conflict between any term of an SOW and this Agreement, the term(s) of the SOW shall control.

2. Term. The effective date of this Agreement shall be _____, 2019 ("Effective Date"). The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect for one year ("Term"). This Agreement will automatically renew for successive one-year terms ("Renewal Terms") unless terminated as set forth in Section 9 of this Agreement. The term of an SOW shall begin on the commencement date provided in that SOW and continue in effect for the agreed term provided in that SOW.

3. Fees. For all Services performed, Owner shall pay Company in accordance with the terms of each SOW. The fees paid in accordance with each SOW shall constitute the full and complete compensation to Company for the Services performed pursuant to the SOW. Unless otherwise expressly set forth in any given SOW, Company shall be responsible for expenses it incurs in connection with its provision of the Services.

4. Independent Contractor. Company is, and shall at all times remain, an independent contractor. Company and each of Company's employees and principals shall not be deemed for any purpose to be Owner's employees, and they shall not be entitled to any claims, rights, benefits and privileges to which an employee of Owner or any of its respective affiliates may be entitled under any retirement, pension, insurance, medical or other plans which may now be in effect or which may hereafter be adopted. Owner is not responsible to any governing body or to Company for paying or withholding payroll taxes and other employee expenses related to payments made to Company. Notwithstanding anything to the contrary, this Agreement does not, and shall not be deemed to, constitute a partnership or joint venture

between the Parties and neither Party nor any of their respective directors, officers, officials, or employees shall, by virtue of the performance of their obligations under this Agreement, be deemed to be an agent or employee of the other. No Party has the authority to bind another Party except to the extent approved in writing by the Party to be bound.

5. Insurance. Company shall maintain statutory minimum Worker's Compensation as required by the laws of any jurisdiction in which Services are performed, and commercial general liability insurance covering Company's liabilities hereunder and for injury to persons or damage to property with limits of not less than \$2,000,000 per occurrence. Company shall also maintain commercial automobile liability insurance. Company shall furnish evidence of insurance prior to commencement of work under any SOW, and shall provide thirty (30) days notice of any cancellations of insurance coverage.

6. Representations. Company represents and warrants that Company has the full power and authority to enter into and perform under this Agreement; that the execution, delivery and performance of this Agreement has been duly authorized and constitutes a valid and binding agreement of Company; and that the execution, delivery and performance of this Agreement will not result in the breach of, or constitute a default under, or violate any provision of, any agreement or other instrument to which Company is a party, a non-competition agreement or bound by any competitive restrictive covenant concerning or relating to, in any manner, the performance by Company of services similar to the Services to be performed hereunder.

7. Indemnification. To the fullest extent permitted by law, Company shall defend, indemnify and hold harmless Owner, its officials, officers, employees and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in due to the negligence of Company, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of this Agreement; however, any such indemnification shall be limited to the extent of any such negligence.

8. Assignment of Receivables. The Company reserves the right to assign any outstanding receivables from this Contract to its financial institutions as collateral for any loans or lines of credit.

9. Termination. This Contract or any individual SOW is subject to termination by the Owner only if written notice of intent to terminate is received by the Company ninety (90) days prior to the first day of the upcoming Contract Year; a "Contract Year" shall be defined as each consecutive 12-month period following the first day of the month in which the Contract is executed by the Owner and each subsequent 12-month period thereafter during the time the Contract is in effect. Notice of Termination is to be delivered by registered mail to Utility Service Co., Inc., Attention: Customer Service, Post Office Box 1350, Perry, Georgia 31069, and signed by three (3) authorized voting officials of the Owner's management and/or Commissioners. In the event of termination by Owner, Owner shall pay Company any amounts due or owing pursuant to all SOWs for products and/or services delivered by Company prior to the date of termination, unless otherwise agreed by the Parties in SOW(s). For illustrative purposes, if a contract is signed by an Owner on June 15, 2019, Contract Year 1 for that contract would be June 1, 2019 to May 31, 2020, and Contract Year 2 for that contract would be June 1, 2020 to May 31, 2021 and so on.

10. Intellectual Property. The Owner acknowledges that all intellectual property rights in the Services, their method of delivery, and all related know-how are owned by the Company or its licensors. The Owner hereby agrees and acknowledges that this Agreement and its SOWs shall not be construed as a license for the Owner to use, deliver, or exploit the intellectual property used by the Company in delivering the Services. To the extent that any new intellectual property or know-how is developed as a result of carrying out the Services, the new intellectual property rights will all be owned by the Company or its licensors, and the Owner agrees that it will not make a claim to any such new intellectual property rights.

11. Limitation of Liability. IN NO EVENT SHALL EITHER PARTY OR ITS RESPECTIVE DIRECTORS, OFFICERS, OFFICIALS, AND EMPLOYEES BE LIABLE FOR ANY LOSS OF PROFITS OR REVENUES, OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY KIND, HOWSOEVER CAUSED OR ARISING UNDER THIS AGREEMENT. The foregoing provision limiting the liability of the Parties' directors, officers, officials, and employees shall be deemed to be trust provisions for the benefit of such directors, officers, officials, and employees and shall be enforceable by such persons as trust beneficiaries. Such provisions shall not be construed as imposing any liability on such directors, officers, officials, and employees where it does not otherwise exist in law.

12. Rules of Construction. In construing this Agreement and the SOWs, the following principles shall be followed: (a) no meaning may be inferred from any presumption that one Party had a greater or lesser hand in drafting this Agreement; (b) examples do not limit, expressly or by implication, the matter they illustrate; (c) the plural shall be deemed to include the singular and vice versa, as applicable; and (d) the headings are for convenience only and do not affect the meaning or construction of any such provision. The Parties specifically acknowledge and agree: (a) that they have a duty to read all of the documents constituting this Agreement, including its SOWs, and that they are charged with notice and knowledge of the terms in this Agreement, including its SOWs; and (b) that it has in fact read this Agreement, including its SOWs, and is fully informed and has full notice and knowledge of the terms, conditions and effects of this Agreement, including its SOWs. **Each Party further agrees that it will not contest the validity or enforceability of any provision of this Agreement on the basis that it had no notice or knowledge of such provision or that such provision is not conspicuous.**

13. Miscellaneous.

a. Notices. All notices hereunder shall be in writing and shall be sent by certified mail, return receipt requested, or by overnight courier service, to the address set forth below each Party's signature, or to such other addresses as may be stipulated in writing by the Parties pursuant hereto. Unless otherwise provided, notice shall be effective on the date it is officially recorded as delivered by return receipt or equivalent.

b. Entire Agreement; Amendment. This Agreement and each properly executed SOW supersedes all prior agreements, arrangements, and undertakings between the Parties and constitutes the entire agreement between the Parties relating to the subject matter thereof. This Agreement may not be amended except by written instrument executed by both Parties. In the event of a conflict between the terms of any given SOW and this Agreement, the terms of the SOW shall prevail. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity or enforceability of any other provision of this Agreement.

c. Assignment. Neither Party may assign this Agreement without the prior written consent of the other Party. Any attempt to assign this Agreement without the prior written consent of the other Party shall be null and void. A change in control of a Party shall not be deemed an assignment of this Agreement.

d. Force Majeure. If either party is prevented from performing any of its duties or obligations hereunder (other than duties or obligations with respect to payment) in a timely manner by reason or act of God, strike, labor, dispute, flood, public disaster, equipment or technical malfunctions or failures, power failures or interruptions or any other reason beyond its reasonable control, such condition shall be deemed to be a valid excuse for delay of performance or for nonperformance of any such duty or obligation for the period during which such conditions exist.

e. Survival of Certain Provisions. Notwithstanding the termination or expiration of this Agreement, the provisions of Sections 8, 10, and 11 shall survive and continue and bind the parties and their legal representatives, successors and permitted assigns.

f. No Waiver. The waiver of any breach or failure of a term or condition of this Agreement by any party shall not be construed as a waiver of any subsequent breach or failure of the same term or condition, or a waiver of any other breach or failure of a term or condition of this Agreement.

g. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Agreement. The Parties may utilize electronic means (including facsimile and e-mail) to execute and transmit the Agreement and all such electronically executed and/or transmitted copies of the Agreement shall be deemed as valid as originals.

h. Jurisdiction. Any claims or disputes under this agreement are subject to the laws and jurisdiction of the State of California.

WHEREFORE, for the purpose of being bound, the Parties execute this Agreement by their duly authorized representatives as of the date(s) set forth below.

OWNER

COMPANY

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

UTILITY SERVICE CO., INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Notice Address for Each Party:

Stallion Springs Community Services District

Utility Service Co., Inc.

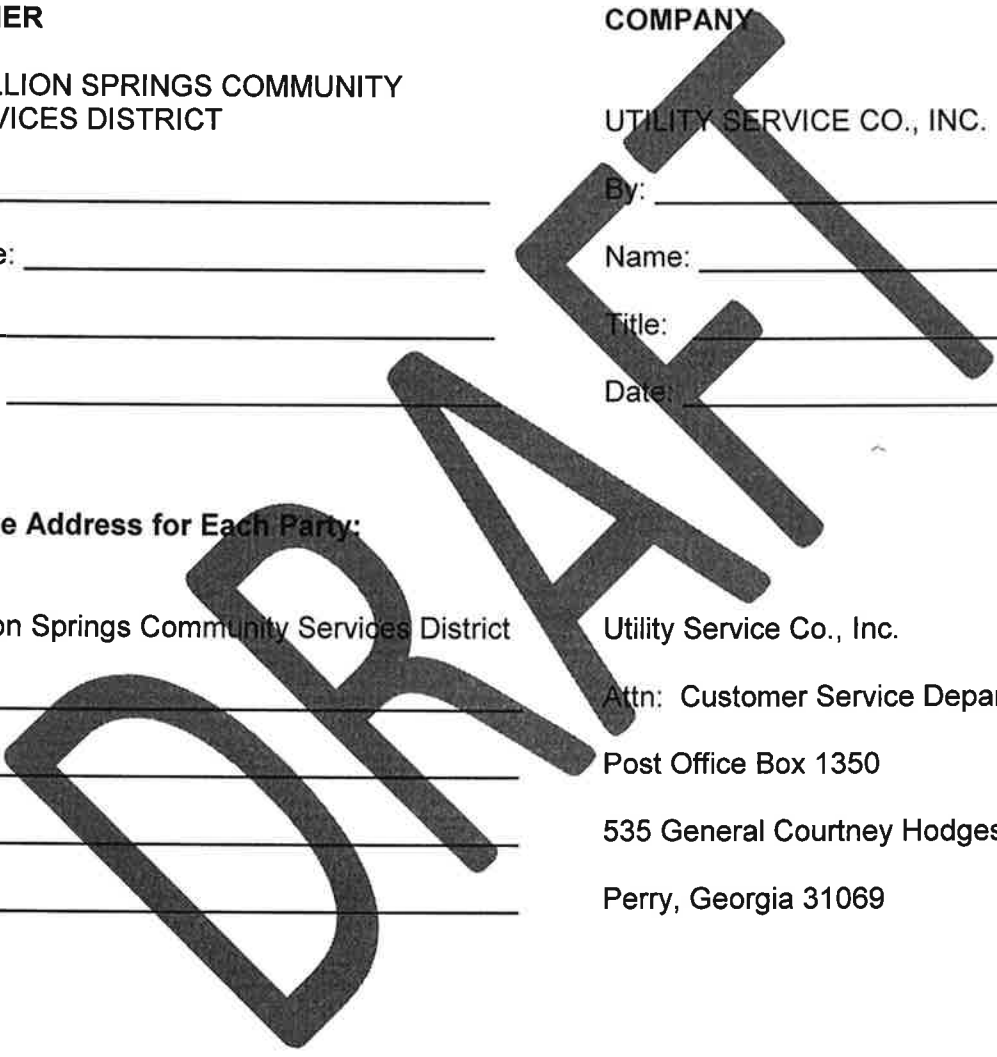
Attn: _____

Attn: Customer Service Department

Post Office Box 1350

535 General Courtney Hodges Boulevard

Perry, Georgia 31069





STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #8

- Subject:** Approval of the Finance Documents in regard to the loan for the Suez Metering Project and Approve Resolution No. 2020-01, a Resolution regarding a California Municipal Lease-purchase Agreement for the purpose of Financing Water Meters and directing certain actions in connection therewith.
- Submitted by:** David Aranda, General Manager
- Meeting Date:** January 21, 2020
- Background:** The seven year payment of \$114,700 per year or \$802,900 in full is for the purchase of the meters and equipment that supports the meters (see Exhibit A). This money is coming from Government Capital Corporation, thus the District must approve the Resolution and agreements separately from the Suez Agreement.
- The attorneys for the District have reviewed and approved these documents as they are presented.
- Recommendation:** Approve Resolution No. 2020-01 and the Escrow Agreement Documents.

RESOLUTION NO. 2020-01

AUTHORIZING THE EXECUTION AND DELIVERY OF A CALIFORNIA MUNICIPAL LEASE-PURCHASE AGREEMENT FOR THE PURPOSE OF FINANCING WATER METERS, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Stallion Springs Community Services District (the "District") is a community services district duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the District desires to provide for financing in the approximate principal amount of \$705,000 for the acquisition certain water meters (the "Project") and Government Capital Corporation (the "Corporation") has proposed a cost-effective seven year lease financing arrangement at a 3.134% interest rate for the Project as further described in the proposed California Municipal Lease-Purchase Agreement (the "Lease Purchase Agreement") to be entered into by and between the Corporation and the District, the form of which has been presented to the Board of Directors (the "Board") and is on file with the Board Secretary; and

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

WHEREAS, in accordance with Section 5852.1, the Board has obtained such good faith estimates from the Corporation, the District's private lender, and such estimates are disclosed in Exhibit A attached hereto; and

WHEREAS, the District has not issued or effected the issuance of, and does not reasonably expect to issue or effect the issuance of more than \$10,000,000 of tax exempt obligations during the 2020 calendar year and, therefore, desires to designate the Lease Purchase Agreement as a "qualified tax-exempt obligation" (a "Qualified Tax-Exempt Obligation") as defined by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, it is resolved by the Board of Directors of the Stallion Springs Community Services District as follows:

SECTION 1. Lease Purchase Agreement. The President of the Board, the General Manager or a designee in writing (the "Authorized Officers") is hereby authorized to enter into the Lease Purchase Agreement in a principal amount which shall not exceed \$[] with the Corporation to finance the Project, subject to approval as to form by general counsel to the District's. The Authorized Officers, are authorized and directed to take all steps and actions which are necessary to accomplish execution of the Lease Purchase Agreement pursuant to the authorization given by and the conditions specified in this Resolution. The Authorized Officers, are authorized to execute the Lease Purchase Agreement on behalf of the District.

SECTION 2. Approval of Escrow Agreement. The Board approves and authorizes the District to enter into an Escrow Agreement (the “Escrow Agreement”) by and among the District, the Corporation and [_____] in the form presented to the Board at the meeting at which this Resolution is adopted, together with any changes therein or additions thereto which are deemed advisable by the General Manager, or his designee, in consultation with general counsel to the District. The Authorized Officers, are authorized to execute the Escrow Agreement on behalf of the District.

SECTION 3. Attestations. The Secretary of the Board or other appropriate District officer is hereby authorized and directed to attest the signature of the President of the Board, the General Manager or of such other person or persons as may have been designated by the President of the Board or the General Manager, and to affix and attest the seal of the District, as may be required or appropriate in connection with the execution and delivery of the Lease Purchase Agreement.

SECTION 4. Other Actions. The President of the Board of Directors, the General Manager and other officers of the District are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all documents, agreements and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Lease Purchase Agreement. Such actions are hereby ratified, confirmed and approved.

SECTION 5. Designation of Lease Purchase Agreement as Qualified Tax-Exempt Obligation. Based upon the fact that the District has not issued or effected the issuance of, and does not reasonably expect to issue or effect the issuance of more than \$10,000,000 of tax exempt obligations during the 2020 calendar year, the District hereby designates the Lease Purchase Agreement as a Qualified Tax-Exempt Obligation.

SECTION 6. Reimbursement of Prior Expenditures. Should the need arise, if applicable, the District may use proceeds from the Lease Purchase Agreement for reimbursement of expenditures related to the Property, within the meaning and in accordance with Treasury Regulation Section 1.150-2, as promulgated under the Code.

SECTION 7. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this __ day of January, 2020, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Approved:

Ed Gordon, President of the Board

Attest:

Vanessa Stevens, Secretary of the Board

CALIFORNIA MUNICIPAL LEASE-PURCHASE AGREEMENT

THIS CALIFORNIA MUNICIPAL LEASE-PURCHASE AGREEMENT **No.8946** (hereafter referred to as "Agreement") dated as of **January 27, 2020** by and between **Government Capital Corporation**, a Texas corporation (herein referred to as "Lessor"), and **Stallion Springs Community Services District** (hereinafter referred to as "Lessee"), a Community Services District organized and existing under the laws of the State of California (the "State").

WITNESSETH: In consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree as follows:

1. Term and Payments. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the property described in Exhibit A hereto (hereinafter, with all replacement parts, substitutions, proceeds, increases, additions, accessions, repairs and accessories incorporated therein or affixed thereto, referred to as the "Property") for the amounts to be paid in the sums (the "Lease Payments") and on the dates (the "Lease Payment Dates") set forth in Exhibit B hereto. Except as specifically provided in Section 2 hereof, the obligation of the Lessee to make the Lease Payments called for in Exhibit B hereto shall be absolute and unconditional in all events and shall not be subject to any set-off, defense, counterclaim or recoupment for any reason. The term of the lease hereunder shall commence upon the dated date of the lease and shall continue until the end of the Lessee's current fiscal period and thereafter for such additional fiscal periods as are necessary to complete the anticipated total lease term as set forth in Exhibit B, unless earlier terminated as provided herein.

2. Renewal and Non-Appropriation. Lessee agrees that it will take all necessary steps and make timely requests for the appropriation of funds to make all Lease Payments called for under Exhibit B, and use its best efforts and take all steps to cause such appropriations to be made. In the event that **(i)** funds for the succeeding fiscal period cannot be obtained, **(ii)** Lessee has exhausted all legally available means for making payment called for under this Agreement, **(iii)** Lessee has invoked and diligently pursued all legal procedures by which payment called for under this agreement may be made, **(iv)** such failure to obtain funds has not resulted from any act or failure to act of Lessee, **(v)** Lessee has not acquired, and has no intent to acquire during the subsequent fiscal period, items of property having functions similar to those the Property or which provide similar benefits to Lessee, and **(vi)** no funds have been appropriated for the acquisition of such property, Lessee may terminate this Agreement at the end of any fiscal period during the payment schedule set forth in Exhibit B by giving notice to Lessor or its successors at least sixty (60) days prior to the first day of such fiscal period for which appropriations cannot be made. Such failure to obtain proper appropriation and approval of the full amount of funds necessary to make required payments hereunder during any fiscal period subsequent to the current fiscal period shall terminate all Lessee's right, title and interest in and obligations under this Agreement and to all the Property, effective on the last day of the last fiscal period for which appropriation or approval was properly obtained.

3. Taxes. In addition to the Lease Payments to be made pursuant to Section 1 hereof, Lessee agrees to indemnify and hold Lessor harmless from and against and to pay Lessor, as additional rent, on demand, an amount equal to all licenses, assessments, sales, use, real or personal property, gross receipts or other taxes, levies, imposts, duties or charges, if any, together with any penalties, fines, or interest thereon imposed against or on Lessor, Lessee or the Property by any governmental authority upon or with respect to the Property or the purchase, ownership, rental, possession, operation, return or sale of, or receipt of payments for, the Property, except any Federal or state income taxes, if any, payable by Lessor. Lessee may contest any such taxes prior to payment provided such contest does not involve any risk of sale, forfeiture or loss of the Property or any interest therein.

4. Lessee's Covenants and Representations. Lessee covenants and represents as follows:

(a) Lessee represents, and will provide an opinion of its counsel to the effect that, it has full power and authority to enter into this Agreement which has been duly authorized, executed, and delivered by Lessee and is a valid and binding obligation of Lessee enforceable in accordance with its terms, and all requirements for execution, delivery and performance of this Agreement have been, or will be, complied with in a timely manner;

(b) All Payments hereunder have been, and will be, duly authorized and paid when due out of funds then on hand and legally available for such purposes; Lessee will, to the extent permitted by State of California ("State") law and other terms and conditions of this Agreement, include in its budget for each successive fiscal period during the term of this Agreement a sufficient amount to permit Lessee to discharge all of its obligations hereunder, and Lessee has budgeted and available for the current fiscal period sufficient funds to comply with its obligations hereunder;

(c) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization of performance of, or expenditure of funds pursuant to, this Agreement;

(d) Information supplied and statements made by Lessee in any financial statement or current budget prior to or contemporaneously with the Agreement are true and correct;

(e) Lessee has an immediate need for, and expects to make immediate use of, substantially all the Property, which need is not temporary or expected to diminish in the foreseeable future; specifically Lessee will not give priority or parity in the appropriation of funds for the acquisition or use of any additional property for purposes or functions similar to those of the Property.

(f) There are no circumstances presently affecting the Lessee that could reasonably be expected to alter its foreseeable need for the Property or adversely affect its ability or willingness to budget funds for the payment of sums due hereunder;

(g) Lessee's right to terminate this Agreement as specified in Section 2 hereof was not an independently bargained for consideration, but was included solely for the purpose of complying with the requirements of the laws of the State.

(h) No lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which Lessee has been a party at any time during the past ten (10) years has been terminated by Lessee as a result of insufficient funds being appropriated in any fiscal year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which Lessee has issued during the past ten (10) years; and

(i) Lessee will pay the Lease Payment Due by check, wire transfer, or ACH only.



5. Use and Licenses. Lessee shall pay and discharge all operating expenses and shall cause the Property to be operated by competent persons only. Lessee shall use the Property only for its proper purposes and will not install, use, operate or maintain the Property improperly, carelessly, or in violation of any applicable law, ordinance, rule or regulation of any governmental authority, or in a manner contrary to the nature of the Property or the use contemplated by its manufacturer. Lessee shall keep the property at the location stated on the Certificate of Acceptance executed by Lessee upon delivery of the Property until Lessor, in writing, permits its removal, and the Property shall be used solely in the conduct of the Lessee's operations. Lessee shall obtain, at its expense, all registrations, permits and licenses, if any, required by law for the installation and operation of the Property. Any license plates used on the Property shall be issued in the name of the Lessee. If a certificate of title is issuable with respect to the Property, it shall be delivered to the Lessor showing the interest of the Lessor.

6. Maintenance. Lessor shall not be obligated to make any repairs or replacements. At its own expense, Lessee shall service, repair and maintain the Property in as good condition, repair, appearance and working order as when delivered to Lessee hereunder, ordinary wear and tear from proper use alone excepted, and shall replace any and all parts thereof which may from time to time become worn out, lost, stolen, destroyed, or damaged beyond repair or rendered unfit for intended use, for any reason whatsoever, all of which replacements shall be free and clear of all liens, encumbrances and claims of others and shall become part of the Property and subject to this Agreement. Lessor may, at its option, discharge such costs, expenses and insurance premiums necessary for the repair, maintenance and preservation of the Property, and all sums so expended shall be due from Lessee in addition to rental payments hereunder.

7. Alterations.

(a) Lessee may, at its own expense, install or place in or on, or attach or affix to, the Property such equipment or accessories as may be necessary or convenient to use the Property for its intended purposes provided that such equipment or accessories do not impair the value or utility of the Property. All such equipment and accessories shall be removed by Lessee upon termination of this Agreement, provided that any resulting damage shall be repaired at Lessee's expense. Any such equipment or accessories not removed shall become the property of Lessor.

(b) Without the written consent of Lessor, Lessee shall not make any other alterations, modifications or improvements to the Property except as required or permitted hereunder. Any other alterations, modifications or improvements to the Property shall immediately become part of the Property, subject to the provisions hereof. The Property shall remain personal property regardless of whether it becomes affixed or attached to real property or permanently rests upon any real property or any improvement thereon.

8. Liens. Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, security interest, pledge, lien, charge, encumbrance or claim on or with respect to the Property, title thereto or any interest therein, except the respective rights of Lessor and Lessee hereunder.

9. Damage to or Destruction of Property. Lessee shall bear the entire risk of loss, damage, theft or destruction of the Property from any and every cause whatsoever, and no loss, damage, destruction or other event shall release Lessee from the obligation to pay the full amount of the rental payments or from any other obligation under this Agreement. In the event of damage to any item of the Property, Lessee will immediately place the same in good repair, with the proceeds of any insurance recovery applied to the cost of such repair. If Lessor determines that any item of Property is lost, stolen, destroyed or damaged beyond repair, Lessee, at the option of Lessee either with insurance proceeds or legally available funds, will either **(a)** replace the same with like property in good repair or **(b)** on the next Lease Payment Date, pay Lessor **(i)** all amounts then owed by Lessee to Lessor under this Agreement, including the Lease Payment due on such date, and **(ii)** an amount equal to the applicable Option to Purchase Value set forth in Exhibit B.

10. Insurance. Lessee shall either be self-insured with regard to the Property or shall purchase and maintain insurance with regard to the Property. Lessee shall indicate on each Certificate of Acceptance executed in relation to this Agreement its election to be self-insured or company insured with regard to the Property listed on that Certificate of Acceptance. Whether Lessee is self-insured or company insured, Lessee shall, for the term of this Agreement, at its own expense, provide comprehensive liability insurance with respect to the Property, insuring against such risks, and such amounts as are customary for lessees of property of a character similar to the Property. In addition, Lessee shall, for the term of this Agreement, at its own expense, provide casualty insurance with respect to the Property, insuring against customary risks, coverage at all times not less than the amount of the unpaid principal portion of the Lease Payments required to be made pursuant to Section 1 as of the last preceding Payment Date specified in Exhibit B on which a Lease Payment was made. If insurance policies are provided with respect to the Property, all insurance policies shall be with insurers authorized to do business in the State where the Property is located and shall name both Lessor and Lessee as insureds as their respective interest may appear. Insurance proceeds from casualty losses shall be payable solely to the Lessor, subject to the provisions of Section 9. Lessee shall, upon request, deliver to Lessor evidence of the required coverages together with premium receipts, and each insurer shall agree to give Lessor written notice of non-payment of any premium due and ten (10) days notice prior to cancellation or alteration of any such policy. Lessee shall also carry and require any other person or entity working on, in or about the Property to carry workmen's compensation insurance covering employees on, in or about the Property. In the event Lessee fails, for any reason, to comply with the requirements of this Section, Lessee shall indemnify, save harmless and, at Lessee's sole expense, defend Lessor and its agents, employees, officers and directors and the Property against all risk of loss not covered by insurance.

11. Lessee Gross Negligence. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Property and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others, which is proximately caused by the negligent conduct of Lessee, its officers, employees and agents. Lessee hereby assumes responsibility for and agrees to reimburse Lessor for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorney's fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part upon the negligent conduct of Lessee, its officers, employees and agents, to the maximum extent permitted by law.

12. No Warranty. ALL WARRANTIES, PROMISES AND SERVICE AGREEMENTS, IF ANY, RELATING TO THE PROPERTY THAT THE MANUFACTURERS OR THE PARTY WHO SUPPLIED THE PROPERTY TO LESSOR (THE "VENDOR") HAVE MADE TO LESSOR IN CONNECTION WITH OR AS PART OF THE CONTRACT BY WHICH LESSOR ACQUIRED THE PROPERTY ARE HEREBY ASSIGNED TO LESSEE. Lessee may communicate with Vendor and receive an accurate and complete statement of all such warranties, promises and service agreements, if any. All claims or actions on any warranty so assigned shall be made or prosecuted by Lessee, at its sole expense, upon prior written notice to Lessor. Lessor may, but shall have no obligation whatsoever to participate in such claim or action on such

warranty, at Lessor's expense. Any recovery under such a warranty shall be made payable jointly to Lessee and Lessor. Lessee acknowledges that Lessee has selected the Vendor and that Lessee has directed Lessor to acquire the Property from Vendor in connection with this Agreement. Lessee further acknowledges that this Agreement is a "Finance Lease" within the meaning of the Uniform Commercial Code and that Lessee is entitled to the Vendor's warranties and promises described above, if any. LESSOR HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE, MERCHANTABILITY, CONDITION, QUALITY OR FITNESS OF THE PROPERTY DESCRIBED IN EXHIBIT A FOR ANY PARTICULAR PURPOSE OR THE CONFORMITY OF THE PROPERTY TO ANY SPECIFICATION OR PURCHASE ORDER, OR AS TO THE PROPERTY'S DESIGN, DELIVERY, INSTALLATION OR OPERATION. All such risks shall be borne by Lessee without in any way excusing Lessee from its obligations under this Agreement, and Lessor shall not be liable to Lessee for any damages on account of such risks.

13. Option to Purchase. Provided Lessee has complied with the terms and conditions of this Agreement, Lessee shall have the option to purchase not less than all of the Property which is then subject to this Agreement, "as is" at the payment date, for the Option to Purchase Values set forth in Exhibit B by giving written notice to Lessor not less than sixty (60) days prior to the date specified in Exhibit B for the exercise of such option; provided that upon Lessee's timely payment of all Lease Payments specified in Exhibit B, Lessee shall be deemed to have properly exercised its option to purchase the Property and shall be deemed to have acquired all of Lessor's right, title and interest in and to the Property, free of any lien, encumbrance or security interest except such liens, encumbrances or security interest as may be created, or permitted and not discharged, by Lessee but without other warranties. Payment of the applicable Option to Purchase Value shall occur on the applicable Lease Payment Date specified in Exhibit B hereto, at which time Lessor shall, unless not required hereunder, deliver to Lessee a quitclaim bill of sale transferring Lessor's interest in the Property to Lessee free from any lien, encumbrance or security interest except such as may be created, or permitted and not discharged, by Lessee but without other warranties. Upon Lessee's actual or constructive payment of the Option to Purchase Value and Lessor's actual or constructive delivery of a quitclaim bill of sale covering the Property, this Agreement shall terminate except as to obligations or liabilities accruing hereunder prior to such termination.

14. Default and Lessor's Remedies.

(a) The occurrence of one or more of the following events shall constitute an Event of Default, whether occurring voluntarily or involuntarily, by operation of law or pursuant to any order of any court or governmental agency:

(1) Lessee fails to make any payment hereunder when due or within ten (10) days thereafter;

(2) Lessee fails to comply with any other covenant, condition or agreement of Lessee hereunder for a period of the ten (10) days after notice thereof;

(3) Any representation or warranty made by Lessee hereunder shall be untrue in any material respect as of the date made;

(4) Lessee makes, permits or suffers any unauthorized assignment, transfer or other disposition of this Agreement or any interest herein, or any part of the Property or any interest therein; or

(5) Lessee becomes insolvent; or admits in writing its inability to pay its debts as they mature; or applies for, consents to or acquiesces in the appointment of a trustee, receiver or custodian for the Lessee or a substantial part of its property; or, in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for Lessee or a substantial part of its property and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is instituted by or against Lessee and, if instituted against Lessee, is consented to or acquiesced in by Lessee or is not dismissed within sixty (60) days.

(b) Upon the occurrence of any Event of Default specified herein, Lessor may, at its sole discretion, subject to Section 2 hereof, exercise any or all of the following remedies:

(1) Enforce this Agreement by appropriate action to collect those amounts due hereunder as lease payments for the fiscal year in which the default occurs or, in the event of a default continuing from one fiscal year into a subsequent fiscal year(s), to immediately collect as due the lease payments for each year(s) of the continuing default. Under no circumstance shall Lessor, upon default by Lessee, accelerate or collect as due any future annual lease payments for future years remaining, if any, under this Agreement. Lessor may also require Lessee to perform its other obligations hereunder in which event Lessee shall be liable for those costs and expenses reasonably incurred by Lessor in securing Lessee's performance of this Agreement.

(2) Take possession of the Property, without demand or notice and without court order or any process of law, and remove and relet the same for Lessee's account, in which event Lessee waives any and all damages resulting therefrom and shall be liable for all costs and expenses incurred by Lessor in connection therewith and the difference, if any, between the amounts to be paid pursuant to Section 1 hereof and the amounts received and to be received by Lessor in connection with any such reletting;

(3) Terminate this Agreement and repossess the Property, in which event Lessee shall be liable for any amounts payable hereunder through the date of such termination and all costs and expenses incurred by Lessor in connection therewith;

(4) Sell the Property or any portion thereof for Lessor's account at public or private sale, for cash or credit, without demand or notice to Lessee of Lessor's intention to do so, or relet the Property for a term and a rental which may be equal to, greater than or less than the rental and term provided herein. If the proceeds from any such sale or rental payments received under a new agreement made for the periods prior to the expiration of this Agreement are less than the sum of (i) the costs of such repossession, sale, relocation, storage, reconditioning, reletting and reinstallation (including but not limited to reasonable attorneys' fees), (ii) the unpaid principal balance derived from Exhibit B as of the last preceding Lease Payment Date specified in Exhibit B, and (iii) any past due amounts hereunder (plus interest on such unpaid principal balance at the rate specified in Section 19 hereof, prorated to the date of such sale), all of which shall be paid to Lessor, Lessor shall retain all such proceeds and Lessee shall remain liable for any deficiency; or

(5) Pursue and exercise any other remedy available at law or in equity, in which event Lessee shall be liable for any and all costs and expenses incurred by Lessor in connection therewith. "Costs and expenses," as that term is used in this Section 14, shall mean, to the extent allowed by law: (i) reasonable attorneys' fees if this Agreement is referred for collection to an attorney not a salaried employee of Lessor or the holder of this Agreement; (ii) court costs and disbursements including such costs in the event of any action necessary to secure possession of the Property; and (iii) actual and reasonable out-of-pocket expenses incurred in connection with any repossession or foreclosure, including costs of storing, reconditioning and reselling the Property, subject to the standards of good faith and commercial reasonableness set by the applicable Uniform Commercial Code. To the extent permitted by law, Lessee waives all rights under all exemption laws.

(6) Under no circumstances shall Lessee be liable under this subsection 14 (b) for any amount in excess of the sum appropriated pursuant to Section 1 hereof for the previous and current fiscal years, less all amounts previously due and paid during such previous and current fiscal years from amounts so appropriated.

15. Termination. Unless Lessee has properly exercised its option to purchase pursuant to Section 13 hereof, Lessee shall, upon the expiration of the term of this Agreement or any earlier termination hereof pursuant to the terms of this Agreement, deliver the Property to Lessor unencumbered and in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear resulting from proper use alone excepted, by loading the Property, at Lessee's sole expense, on such carrier, or delivering the Property to such location, as Lessor shall provide or designate at or within a reasonable distance from the general location of the Property. If Lessee fails to deliver the Property to Lessor, as provided in this Section 15, on or before the date of termination of this Agreement, Lessee shall pay to Lessor upon demand, for the hold-over period, a portion of the total payment for the applicable period as set forth in Exhibit B prorated from the date of termination of this Agreement to the date Lessee either redelivers the Property to Lessor or Lessor repossesses the Property. Lessee hereby waives any right which it now has or which might be acquired or conferred upon it by any law or order of any court or other governmental authority to terminate this Agreement or its obligations hereunder, except in accordance with the express provisions hereof.

16. Assignment. Without Lessor's prior written consent, Lessee will not either (i) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Agreement or the Property or any interest in this Agreement or the Property; or (ii) sublet or lend the Property or permit it to be used by anyone other than Lessee or Lessee's employees. Lessor may assign its rights, title and interest in and to this Agreement, the Property and any other documents executed with respect to this Agreement and/or grant or assign a security interest in this Agreement and the Property, in whole or in part. Any such assignees shall have all of the rights of Lessor under this Agreement. Subject to the foregoing, this Agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. No assignment or reassignment of any of Lessor's rights, title or interest in this Agreement or the Property shall be effective with regard to Lessee unless and until Lessee shall have received a copy of the document by which the assignment or reassignment is made, disclosing the name and address of such assignee. No further action will be required by Lessor or by Lessee to evidence the assignment. During the term of this Agreement, Lessee shall keep a complete and accurate record of all such assignments in form necessary to comply with the United States Internal Revenue Code of 1986, Section 149 (a), and the regulations, proposed or existing, from time to time promulgated thereunder.

17. Personal Property. The Property is and shall at all times be and remain personal property.

18. Title. Upon acceptance of the Property by Lessee hereunder, Lessee shall have title to the Property during the term of this Agreement; however, in the event of (i) an Event of Default hereunder and for so long as such Event of Default is continuing, or (ii) termination of this Agreement pursuant to the provisions of Section 2 hereof, title shall be reverted immediately in and shall revert to Lessor free of any right, title or interest of Lessee unless Lessor elects otherwise.

19. Lessor's Right to Perform for Lessee. If Lessee fails to make any payment or perform or comply with any of its covenants or obligations hereunder, Lessor may, but shall not be required to, make such payment or perform or comply with such covenants and obligations on behalf of Lessee, and the amount of any such payment and the expenses (including but not limited to reasonable attorneys' fees) incurred by Lessor in performing or complying with such covenants and obligations, as the case may be, together with interest thereon at the highest lawful rate, shall be payable by Lessee upon demand.

20. Interest on Default. If Lessee fails to pay any Lease Payment specified in Section 1 hereof within ten (10) days after the due date thereof, Lessee shall pay to Lessor, solely from legally available funds, interest on such delinquent payment from the due date until paid at the highest lawful rate.

21. Notices. Any notices to be given or to be served upon any party hereto in connection with this Agreement must be in writing and may be given by certified or registered mail, and shall be deemed to have been given and received forty-eight (48) hours after a registered or certified letter containing such notice, postage prepaid, is deposited in the United States mail, and if given otherwise shall be deemed to have been given when delivered to and received by the party to whom it is addressed. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Agreement or at such other address as either party may hereafter designate.

22. Security Interest. As security for Lessee's covenants and obligations hereunder, Lessee hereby grants to Lessor, and its successors, a security interest in the Property, all accessions thereto and proceeds there from, and, in addition to Lessor's rights hereunder, all of the rights and benefits of a secured party under the Uniform Commercial Code as in effect from time to time hereafter in the State in which the Property is located or any other State which may have jurisdiction over the Property. Lessee agrees to execute, acknowledge and deliver to Lessor in recordable form upon request financing statements or any other instruments with respect to the Property or this Agreement considered necessary or desirable by Lessor to perfect and continue the security interest granted herein in accordance with the laws of the applicable jurisdiction. Lessee hereby authorizes Lessor or its agent or assigns to sign and execute on its behalf any and all necessary UCC-1 forms to perfect the Purchase Money Security Interest herein above granted to Lessor.

23. Tax Exemption. Lessee certifies that it does reasonably anticipate that not more than \$10,000,000 of "qualified tax-exempt obligations", as that term is defined in Section 265 (b) 3 (D) of the Internal Revenue Code of 1986 ("the Code"), will be issued by it and any subordinate entities during 2020. Further, Lessee designates this issue as comprising a portion of the \$10 million in aggregate issues to be designated as "qualified tax exempt obligations" eligible for the exception contained in Section 265 (b) 3 (D) of the Code allowing for an exception to the general rule of the Code which provides for a total disallowance of a deduction for interest expense allocable to the carrying of tax exempt obligations.

24. Continuing Disclosure. Specifically and without limitation, Lessee agrees to provide audited financial statements, prepared by a certified public accountant due by December 31 of each year. Periodic financial statements shall include a combined balance sheet as of the end of each such period, and a combined statement of revenues, expenditures and changes in fund balances, from the beginning of the then fiscal year to the end of such period. These reports must be certified as correct by one of Lessee's authorized agents. If Lessee has subsidiaries, the financial statements required will be provided on a consolidated and consolidation basis.

25. Miscellaneous.

(a) Lessee shall, whenever requested, advise Lessor of the exact location and condition of the Property and shall give the Lessor immediate notice of any attachment or other judicial process affecting the Property, and indemnify and save Lessor harmless from any loss or damage caused thereby. Lessor may, for the purpose of inspection, at all reasonable times enter upon any job, building or place where the Property and the books and records of the Lessee with respect thereto are located.

(b) Lessee agrees to equitably adjust the payments payable under this Agreement if there is a determination for any reason that the interest payable pursuant to this Agreement (as incorporated within the schedule of payments) is not excludable from income in accordance with the Internal Revenue Code of 1986, as amended, such as to make Lessor and its assigns whole. The converted rate shall be the current market taxable equivalent of 3.134% such as to make Lessor and its assigns whole.

(c) Time is of the essence. No covenant or obligations hereunder to be performed by Lessee may be waived except by the written consent of Lessor, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude Lessor from invoking such remedy at any later time prior to Lessee's cure of the condition giving rise to such remedy. Lessor's rights hereunder are cumulative and not alternative.

(d) This Agreement shall be construed in accordance with, and governed by, the laws of the State.

(e) This Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, altered or changed in any respect except by a written document signed by both Lessor and Lessee.

(f) Any term or provision of this Agreement found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, invalidating the remainder of this Agreement.

(g) The Lessor hereunder shall have the right at any time or times, by notice to Lessee, to designate or appoint any person or entity to act as agent or trustee for Lessor for any purposes hereunder.

(h) All transportation charges shall be borne by Lessee. Lessee will immediately notify Lessor of any change occurring in or to the Property, of a change in Lessee's address, or in any fact or circumstance warranted or represented by Lessee to Lessor, or if any Event of Default occurs.

(i) Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever and wherever appropriate.

(j) The captions set forth herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(k) Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, where permitted by this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the _____ day of _____ in the year 2020.

Lessor: Government Capital Corporation

Authorized Signature
345 Miron Dr.
Southlake, TX 76092

Witness Signature: _____

Print Name: _____

Print Title: _____

Lessee: Stallion Springs Community Services District

David Aranda, General Manager
27800 Stallion Springs Dr.
Tehachapi, CA 93561

Witness Signature: _____

Print Name: _____

Print Title: _____

EXHIBIT A

GOOD FAITH ESTIMATES

Set forth below are **good faith estimates** of Government Capital Corporation, the private lender, as required under Section 5852.1 of the California Government Code (the "Code"). **The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.**

- (a) The true interest cost of the Lease Purchase Agreement is estimated at 3.134%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the Lease Purchase Agreement, including all fees and charges paid to third parties, is estimated at \$1,500.00.
- (c) Proceeds of the Lease Purchase Agreement received by the District, including the estimated principal amount of the Lease Purchase Agreement of \$701,500.00 less the finance charges set forth in (b) above, is equal to \$700,000.00.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$802,900.00.

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

ESCROW AGREEMENT

CALIFORNIA MUNICIPAL LEASE-PURCHASE AGREEMENT No.8946 (THE "AGREEMENT")

BY AND BETWEEN

Lessor, Government Capital Corporation and **Lessee**, Stallion Springs Community Services District

TAX ID #95-2919405 Dated as of January 27, 2020

THIS ESCROW AGREEMENT (the "Agreement") is made and entered into as of January 27, 2020 ("Agreement Date"), by and among Government Capital Corporation ("Lessor"), Stallion Springs Community Services District ("Lessee") and UMB Bank, N.A. ("Agent").

WITNESSETH:

WHEREAS, Lessor and Lessee have entered into a certain California Municipal Lease-Purchase Agreement dated as of January 27, 2020 (the "Lease"), pursuant to which the property more particularly described therein (the "Property") will be leased to the Lessee under the terms stated in the Lease;

WHEREAS, Lessor and Lessee desire to make funding arrangements for the acquisition of the Property, and Agent agrees to serve as escrow agent for such funding and acquisition;

NOW THEREFORE, in consideration of the mutual agreements and covenant herein contained and for other valuable consideration, the parties hereby agree as follows:

1. Agent shall undertake the duties and obligations of escrow agent as set forth in this Agreement. Agent shall not be deemed to be a party to the Lease.

2. Lessor has delivered to Agent the sum of \$700,000.00 ("Escrow Amount") for deposit by Agent in the Stallion Springs Community Services District Escrow Account (the "Fund"). The Fund will be administered by Agent pursuant to the terms of this Agreement.

3. Deposits in the Fund shall be used to pay for the acquisition of the Property. The Property may be acquired as individual items or as groups of items. Agent shall make disbursements from the Fund in payment for the acquisition of each item or group of items of the Property promptly upon receipt of a properly executed Escrow Disbursement Request Form, in the form attached hereto as "Schedule 1", for that portion of the acquisition of the Property for which payment is requested. Upon full acquisition of an item or group of items of the Property, any remaining cost of such item or group of items shall be disbursed promptly by the Agent upon receipt of a properly executed Acceptance Certificate and a corresponding Escrow Disbursement Request Form in the form attached hereto as "Schedule 1", for that portion of the Property for which payment is requested. Payment by Agent shall be to the payee shown on the Escrow Disbursement Request Form.

4. Agent will invest the Fund, as specified by Lessor, in general obligations of the United States or in obligations fully insured by the United States or in certificates of deposit of a bank which is either fully insured by an agency of the federal government or fully collateralized by such federal or federally guaranteed obligations, or in no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that includes in their investment objectives the maintenance of a stable net asset value of \$1 for each share, or Money Market Mutual Funds registered under the Investment Act of 1940. Agent will retain in the Fund all earnings from investment of the Fund until termination of the Fund pursuant to Section 5 hereof. Agent will be entitled to sell or redeem any such investments as necessary to make any distributions required under this Agreement and shall not be liable for any loss resulting from such sale or redemption. In the absence of written investment direction from the Lessor, the Agent shall invest and reinvest the amounts in the Fund in Money Market Mutual Funds registered under the Investment Act of 1940. Notwithstanding the foregoing, the Fund will be invested in accordance with Section 53601 of The Government Code of the State of California.

5. Upon execution of one or more Acceptance Certificates by Lessee and payment of acquisition costs by Agent for all the Property (as confirmed in writing by the Lessor to the Escrow Agent), this Agreement and the Funds shall terminate, and Agent shall transfer to Lessor all remaining sums in the Fund. If not terminated earlier, this Agreement and the Fund shall terminate on December 31, 2020 ("Termination Date"). In this latter event, interest accrued pursuant to investment of the Fund under the terms of Section 4 hereof and all remaining principal in the Fund shall be transferred by Agent to Lessor; Exhibit "A" attached to the Lease shall thereupon be revised to delete any non-acquired portions of the Property and to substitute an amended amortization payment schedule to reflect the reduced acquisition costs.

6. Lessor and Lessee may by written agreement between themselves remove the Agent, at any time and for any reason, and appoint a successor escrow agent. Such removal shall not be effective until thirty (30) days after written notice thereof to Agent.

7. Agent may at any time and for any reason resign as escrow agent by giving written notice to Lessor and Lessee of its intention to resign and of the proposed date of resignation, which date shall be not less than thirty (30) days after giving Lessee and Lessor written notice of intent to resign, nor less than thirty (30) days after being appointed by Lessor and Lessee. Upon the effective date of any resignation, the Escrow Agent shall deliver all cash and other property in the Fund to a successor escrow agent designated by Lessor, and if no successor has been appointed, shall deliver all such cash and other property to the Lessor and all obligations of the Escrow Agent shall cease.

8. Agent shall have no obligation under the terms of this Agreement to make any disbursement except from the Fund. Agent makes no warranties or representations as to the Property or as to performance of the obligations of Lessor or Lessee under this Agreement or the Lease.

9. Agent shall be entitled to rely in good faith upon any documents signed by a party hereto and shall have no duty to investigate the veracity of such documents. Agent (i) may assume that any person giving notice pursuant to the terms hereof is authorized to do so and (ii) shall not be liable for good faith reliance thereon. Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and, to the extent it acts in good faith without gross negligence or willful misconduct, it shall be fully protected in acting in accordance with the opinion or instructions of such counsel. The Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its gross negligence or willful misconduct. The Lessor and Lessee jointly and severally agree to indemnify and save Agent harmless from all losses, costs, liabilities, actual damages, fees and expenses (including, but not limited to, reasonable attorney's fees and expenses) suffered or incurred by Agent arising from the performance of its obligations under this Agreement ("Acts"), except such Acts as arise from or attributable to the gross negligence or willful misconduct of Agent.

10. To the limited extent required to perfect the security interest granted by Lessee to Lessor in the cash and negotiable instrument from time to time comprising the Fund, Lessor hereby appoints the Agent as its security agent, and the Agent hereby accepts the appointment as security agent, and agrees to hold physical possession of such cash negotiable instruments on behalf of Lessor.

11. This Agreement may be amended by written agreement executed by all the parties.

12. This Agreement may be executed in several counterparts, each of which shall be an original. The parties hereto agree the transactions described herein may be conducted and related documents may be stored by electronic means.

13. Agent shall be entitled to fees and expenses for its regular services as Agent as set forth in its fee letter delivered to the Lessor and Lessee. Additionally, Agent is entitled to fees for extraordinary services and reimbursement of any out of pocket and extraordinary costs and expenses, including, but not limited to, attorneys' fees. Agent shall have a first lien upon all amounts in the Fund for the purposes of paying its fees and expenses. All of the Escrow compensation, costs and expenses shall be paid by the Lessee unless agreed to by Lessor.

14. In the event of any disagreement between the undersigned or any other person, resulting in adverse claims and demands being made on the Fund, the Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Agent shall not be or become liable to the undersigned for its refusal to comply with such conflicting or adverse demands, and the Agent shall be entitled to refuse and refrain to act until: (a) the rights of the adverse claimants shall have been fully and finally adjudicated in a Court assuming and having jurisdiction of the parties and money, papers and property involved herein or affected hereby, or (b) all differences shall have been adjusted by agreement and the Agent shall have been notified thereof in writing, signed by all the interested parties.

15. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Agent pursuant to this Agreement shall be allocable to the Lessor for credit to Lessee subject to the terms of this Agreement. The Lessor and Lessee agree to provide the Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of execution of this Agreement and any information reasonably requested by the Agent to comply with the USA Patriot Act of 2001, as amended from time to time. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Agent, the Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Agent pursuant to this Escrow Agreement. This Agreement shall be construed in accordance with and governed by California law.

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

LESSOR: Government Capital Corporation
BY: _____
Authorized Signer

LESSEE: Stallion Springs Community Services District
BY: _____
David Aranda, General Manager

AGENT: UMB Bank, N.A.
BY: _____
Agent Rep, Agent Rep Title

ESCROW AGREEMENT – SCHEDULE 1

CALIFORNIA MUNICIPAL LEASE-PURCHASE AGREEMENT No.8946 (THE "AGREEMENT")

BY AND BETWEEN

Lessor, Government Capital Corporation and **Lessee**, Stallion Springs Community Services District

Dated as of January 27, 2020

ESCROW DISBURSEMENT REQUEST FORM

_____, acting as escrow agent (the "Agent") under the Escrow Agreement dated as of January 27, 2020 ("Escrow Date") by and among the Agent, Government Capital Corporation as Lessor and Stallion Springs Community Services District as Lessee, is hereby requested to pay to the person or corporation designated below as Payee the sum set forth below in payment of the acquisition and installation costs of the equipment described below. The amount shown below is due and payable under the invoice of Payee with respect to the described equipment and has not formed the basis for any prior request for payment.

PAYEE (Include W-9) _____

AMOUNT: _____

DESCRIPTION OF EQUIPMENT: _____

INVOICE # _____ DATED: _____

Indicate Method for Payment Disbursement:

_____ Overnight Check *** _____ Regular Mail Check _____ Wire Funds

Mailing Address: _____ Wire Instructions: _____

(*** Please note that there might be a fee charged for overnight delivery. This fee will be deducted from the Escrow Balance before disbursement is made).

Lessee: Stallion Springs Community Services District

By: _____
David Aranda, General Manager

Lessor: Government Capital Corporation or its Assigns

By: _____
Authorized Signer

ACCEPTANCE CERTIFICATE

Stallion Springs Community Services District as Lessee under that certain California Municipal Lease-Purchase Agreement dated as of January 27, 2020 ("Agreement Date") (the "Lease"), hereby acknowledges receipt in good condition of all the equipment described on the attached Vendor Invoice(s) hereby accepts such equipment and hereby certifies that Lessor has fully and satisfactorily performed all covenants and conditions to be performed by it under the Lease with regard to such equipment, that such equipment is fully insured in accordance with Section 10 of the Lease and that such equipment constitutes all or a portion of the Equipment as that term as defined in the Lease.

Date: _____, 2020.

By Lessee:

David Aranda, General Manager

For Lessee: Stallion Springs Community Services District

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.			
	2 Business name/disregarded entity name, if different from above			
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):	
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC	<input type="checkbox"/> C Corporation	<input type="checkbox"/> S Corporation	Exempt payee code (if any) _____
	<input type="checkbox"/> Partnership	<input type="checkbox"/> Trust/estate	Exemption from FATCA reporting code (if any) _____	
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____		(Applies to accounts maintained outside the U.S.)	
	<input type="checkbox"/> Other (see instructions) ▶ _____			
5 Address (number, street, and apt. or suite no.) See instructions.		Requester's name and address (optional)		
6 City, state, and ZIP code				
7 List account number(s) here (optional)				

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
or									
Employer identification number									

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

Information Return for Tax-Exempt Governmental Bonds

(Rev. September 2018)

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

▶ Go to www.irs.gov/F8038G for instructions and the latest information.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Stallion Springs Community Services District		2 Issuer's employer identification number (EIN) 95-2919405	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Vanessa Stevens, Board Secretary		3b Telephone number of other person shown on 3a 662-822-3268	
4 Number and street (or P.O. box if mail is not delivered to street address) 278/00 Stallion Springs Dr.	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Tehachapi, CA 93561		7 Date of issue January 27, 2020	
8 Name of issue California Municipal Lease Purchase Agreement No.8946		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) David Aranda, General Manager		10b Telephone number of officer or other employee shown on 10a 662-822-3268	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ▶ Water Meters	18	\$701,500	00
19a If bonds are TANs or RANs, check only box 19a			<input type="checkbox"/>
b If bonds are BANs, check only box 19b			<input type="checkbox"/>
20 If bonds are in the form of a lease or installment sale, check box			<input checked="" type="checkbox"/>

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2027	\$ 701,500.00	\$ N/A	4.172 years	3.134 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest	22	N/A	
23	Issue price of entire issue (enter amount from line 21, column (b))	23	\$701,500	00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	\$1,500	00
25	Proceeds used for credit enhancement	25	N/A	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	N/A	
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	N/A	
28	Proceeds used to refund prior taxable bonds. Complete Part V	28	N/A	
29	Total (add lines 24 through 28)	29	\$1,500	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	\$700,000	00

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	N/A	years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded	N/A	years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	N/A	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)		

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	
b	Enter the final maturity date of the GIC ► (MM/DD/YYYY) _____		
c	Enter the name of the GIC provider ► _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool bond ► (MM/DD/YYYY) _____		
c	Enter the EIN of the issuer of the master pool bond ► _____		
d	Enter the name of the issuer of the master pool bond ► _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input checked="" type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here ► <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ► _____		
c	Type of hedge ► _____		
d	Term of hedge ► _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here ► <input type="checkbox"/> and enter the amount of reimbursement ► _____		
b	Enter the date the official intent was adopted ► (MM/DD/YYYY) _____		

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

_____ Signature of issuer's authorized representative	_____ Date	► David Aranda, General Manager Type or print name and title
--	---------------	--

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ► _____	Firm's EIN ► _____			
	Firm's address ► _____	Phone no. _____			

EXHIBIT A
DESCRIPTION OF PROPERTY

CALIFORNIA MUNICIPAL LEASE AGREEMENT No.8946 (THE "AGREEMENT")

BY AND BETWEEN

Lessor, Government Capital Corporation and **Lessee**, Stallion Springs Community Services District

Dated as of January 27, 2020

QTY	DESCRIPTION
------------	--------------------

WATER METERS as follows:

1,400

Water Meters includes:

- Full Comprehensive Asset Management Program
- Preventative and Corrective Maintenance
- AMI System Monitoring Service
- DCU Maintenance
- Hosted Software License and Maintenance
- Application Support
- Guaranteed AMI System Performance
- All Firmware Updates

PROPERTY LOCATION:

Throughout the District

EXHIBIT B

>> SCHEDULE OF PAYMENTS & OPTION TO PURCHASE PRICE <<

CALIFORNIA MUNICIPAL LEASE-PURCHASE AGREEMENT No. 8946

(THE "AGREEMENT")

BY AND BETWEEN

Lessor: Government Capital Corporation and **Lessee:** Stallion Springs Community Services District
Schedule dated as of January 27, 2020

PMT NO.	PMT DATE MO. DAY YR	TOTAL PAYMENT	INTEREST PAID	PRINCIPAL PAID	OPTION TO PURCHASE after pmt on this line
1	7/1/2021	\$114,700.00	\$31,807.50	\$82,892.50	N/A
2	7/1/2022	\$114,700.00	\$19,385.40	\$95,314.60	N/A
3	7/1/2023	\$114,700.00	\$16,398.51	\$98,301.49	\$432,018.68
4	7/1/2024	\$114,700.00	\$13,318.02	\$101,381.98	\$327,903.14
5	7/1/2025	\$114,700.00	\$10,141.00	\$104,559.00	\$221,236.77
6	7/1/2026	\$114,700.00	\$6,864.42	\$107,835.58	\$111,957.07
7	7/1/2027	\$114,700.00	\$3,485.15	\$111,214.85	\$1.00
Grand Totals		\$802,900.00	\$101,400.00	\$701,500.00	

Interest Rate: 3.134%

Accepted By Lessee: _____
David Aranda, General Manager

INCUMBENCY, INSURANCE, AND ESSENTIAL USE CERTIFICATES

CALIFORNIA MUNICIPAL LEASE AGREEMENT No.8946 (THE "AGREEMENT")

BY AND BETWEEN

Lessor, Government Capital Corporation and **Lessee**, Stallion Springs Community Services District

Dated as of January 27, 2020

I, Vanessa Stevens , do hereby certify that I am the duly elected or appointed and acting Board Secretary (Keeper of the Records), of Stallion Springs Community Services District, community services district duly organized and existing under the laws of the State of California that I have custody of the records of such entity, and that, as of the date hereof, the individual(s) named below are the duly elected or appointed officer(s) of such entity holding the office(s) set forth opposite their respective name(s). I further certify that (i) the signature(s) set opposite their respective name(s) and title(s) are their true and authentic signature(s), and (ii) such officers have the authority on behalf of such entity to enter into that certain California Municipal Lease-Purchase Agreement dated as of, January 27, 2020 between such entity and Government Capital Corporation.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
David Aranda	General Manager	_____

IN WITNESS WHEREOF, I have duly executed this certificate hereto this _____ day of _____, 2020.

By: _____
Vanessa Stevens, Board Secretary

Lessee certifies that property and liability insurance, if applicable, have been secured in accordance with the Agreement and such coverage will be maintained in full force for the term of the Agreement. "Lessor or its Assigns" should be designated as loss payee until Lessee is notified, in writing, to substitute a new loss payee. **The following information is provided about insurance:**

INSURANCE COMPANY/AGENT'S:

Name: _____

Address: _____

Email Address: _____

Phone Number: _____

Policy Number: _____

I, David Aranda, General Manager, of Stallion Springs Community Services District ("Lessee"), hereby certify that the Equipment, to be leased to the undersigned under the certain Lease Agreement, dated as of January 27, 2020, between such entity and Government Capital Corporation ("Lessor"), will be used by the undersigned Lessee for the following purpose: **(PLEASE FILL OUT PRIMARY USE BELOW)**

PRIMARY USE _____

The undersigned hereby represents that the use of the Equipment is essential to its proper, efficient and economic operation.

IN WITNESS WHEREOF, I have set my hand this _____ day of _____, 2020.

By Lessee:

David Aranda, General Manager

For Lessee: Stallion Springs Community Services District



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Indian Wells
(760) 568-2611

Irvine
(949) 263-2600

Manhattan Beach
(310) 643-8448

Ontario
(909) 989-8584

300 South Grand Avenue, 25th Floor, Los Angeles, CA 90071
Phone: (213) 617-8100 | Fax: (213) 617-7480 | www.bbklaw.com

Riverside
(951) 686-1450

Sacramento
(916) 325-4000

San Diego
(619) 525-1300

Walnut Creek
(925) 977-3300

Washington, DC
(202) 785-0600

Ruben Duran
(213) 787-2569
ruben.duran@bbklaw.com
File No. 65261.00001

_____, 2020

Stallion Springs Community Services District
27800 Stallion Springs Dr.
Tehachapi, CA 93561

Government Capital Corporation
345 Miron Drive
Southlake, TX 76092

Re: Municipal Lease-Purchase Agreement No. 8946 dated as of
[_____], by and between Government Capital Corporation (the
“Corporation”) and Stallion Springs Community Services District (the
“District”)

Ladies and Gentlemen:

We have acted as counsel to the District with respect to the Lease-Purchase Agreement described above (the “Lease”) and in this capacity have reviewed a copy of the executed Lease and related documents and exhibits attached thereto, and an executed counterpart of Resolution No. [_____] (the “Resolution”) of the District, authorizing the District to execute the Lease and to take the actions contemplated therein.

In our examination, we have assumed, without independent investigation, the authenticity of all documents submitted to us as originals, of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents and the accuracy of the statements and representations contained in such documents. In addition, we have assumed the authority of and due execution by each of the parties to the documents other than the District.

As used in this opinion, the phrase “current actual knowledge” means knowledge as we have obtained from (i) the representations and warranties contained in the Lease and each closing certificate of the District, and (ii) knowledge of facts or other information currently known to lawyers currently in our firm who have performed legal services for the District.

Relying on such examination and pertinent law and subject to the limitations and qualifications hereinafter set forth, we are of the opinion that:



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Government Capital Corporation

_____, 2020

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1. The District is a community services district of the State of California (the “State”), duly organized, existing and operating under the Constitution and laws of the State.

2. The District is authorized and has the power under applicable law to enter into the Lease, and to carry out its obligations thereunder and the transactions contemplated thereby.

3. The Lease has been duly authorized, approved, executed and delivered by and on behalf of the District, and is a valid and binding contract of the District enforceable in accordance with its terms, except to the extent limited by State and federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors’ rights.

4. To our current actual knowledge, the authorization, approval and execution of the Lease and all other proceedings of the District relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting laws, rules and regulations of the State.

5. The execution of the Lease and the appropriation of moneys to pay the Lease Payments (as defined in the Lease) coming due thereunder do not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by the District.

6. To our current actual knowledge, there is no litigation, action, suit or proceeding pending or, before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of the District; the authority of the District to enter into the Lease; the proper authorization, approval and/or execution of the Lease and related documents; the appropriation of moneys to make Lease Payments under the Lease for the current fiscal year of the District; or the ability of the District to perform its obligations under the Lease and the transactions contemplated thereby

7. The Resolution was duly and validly adopted on [_____], 2020 and has not been amended or repealed and remain in full force and effect.

Our opinion is further qualified by the following:

(a) We express no opinion with respect to the laws of any state or jurisdiction other than the State and the United States regarding the enforceability of any transaction mentioned herein or the interpretation, authorization, execution, validity, enforceability or effect of any of the documents mentioned herein; provided further that we express no opinion with respect to State or federal tax and securities law.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Government Capital Corporation
_____, 2020

Page 3

(b) As counsel to the District in this matter, we have not rendered financial advice to the District and do not represent by this opinion, or otherwise, that we reviewed or made any assessment about, nor do we express any opinion about, the ability of the District to pay the Lease Payments due under the Lease, and we offer no opinion whatsoever regarding such financial feasibility or ability to make the Lease Payments.

(c) We express no opinion as to the validity and enforceability of any indemnity or liquidated damages provisions.

This letter is furnished by us as counsel to the District. Other than the District, no attorney-client relationship has existed or exists between our firm and you in connection with the Agreement or any documents relating thereto or by virtue of this letter. Our engagement with respect to the Agreement or any documents relating thereto has terminated as of the date hereof, and we disclaim any obligation to update this letter.

This letter may be relied upon by Government Capital Corporation, its successors and assigns. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person, except as provided herein.

Sincerely,

BEST BEST & KRIEGER LLP



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #9

Subject: Approve Resolution No. 2020-02, a Resolution Authorizing the Execution and Delivery of a Retention Bonus to Eligible Employees for the purpose of attracting and retaining Peace Officers for Stallion Springs Community Services District.

Submitted by: David Aranda, General Manager

Meeting Date: January 21, 2020

Background: The Stallion Springs Police Department has struggled for a number of years in its ability to recruit and retain Police Officers for the Stallion Springs Community.

There have been discussions with the Board over the past few years in regard to increasing the hourly wage and looking at other possible means in which to recruit and retain officers that fit the needs for this community.

The attached Resolution is the culmination of Chief Crowell's suggestion to attract and retain officers, and our attorneys finished product that meets the legal tests of providing this bonus program.

The attorney purposely provided the District with a Resolution; this is NOT a policy but a one-time bonus program that will impact three officers. The Chief would then monitor how valuable this bonus program will be over the next few years.

Recommendation: Approve Resolution No. 2020-02.

RESOLUTION NO. 2020-02

AUTHORIZING THE EXECUTION AND DELIVERY OF A RETENTION BONUS TO ELIGIBLE EMPLOYEES FOR THE PURPOSE OF ATTRACTING AND RETAINING PEACE OFFICERS IN THE SERVICE OF STALLION SPRINGS COMMUNITY SERVICES DISTRICT

WHEREAS, the Stallion Springs Community Services District (the "District") is a community services district duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the District has been recruiting for a full-time employee for its police department and desires to attract and retain a qualified candidate for the benefit of the District and its community; and

WHEREAS, the District currently employs one full-time police officer and desires to retain this qualified employee for the benefit of the District and its community and constituents; and

WHEREAS, the District wants to provide additional compensation to these employees as a condition of remaining actively employed for specified periods of time; and

WHEREAS, any compensation provided as a retention bonus is being provided as further consideration for future time worked in the District's employ; and

NOW, THEREFORE, it is resolved by the Board of Directors of the Stallion Springs Community Services District as follows:

SECTION 1. Signing and Retention Bonus for a New Hire. The District's General Manager is hereby authorized to offer a new police officer candidate ("the New Hire"), who is extended an offer within fiscal year 2019-2020, a signing and retention bonus. This bonus can amount to a total of \$3,000.00, made payable in three separate installments as follows: (1) the first payment of \$1,000 qualifies as a signing bonus and additional consideration for accepting employment and can be paid within the first thirty (30) days of the new hire's employment with the District; (2) the second payment of \$1,000 can be paid after completion of one year of active employment with the District, provided the New Hire remains actively employed thirty (30) days after the New Hire's one year anniversary; and (3) the third payment of \$1,000 can be paid after completion of two years of active employment with the District, provided the New Hire remains actively employed thirty (30) days after the New Hire's two-year anniversary. In the event the New Hire does not remain employed on the dates for the second and third installment payments, no further amount is due or owing from the District.

SECTION 2: Retention Bonus for Existing Police Officer Employee. The District's General Manager is hereby authorized to offer the District's existing full-time police officer ("Police Officer") a retention bonus. The purpose of this bonus is to provide compensation to the Police Officer should he remain actively employed with the District for a specified period of time. This bonus is not payment for services already rendered. Instead, this bonus is payment to incentivize the employee's continued employment with the District and is additional compensation for specified upcoming periods of services. This bonus can amount to a total of \$3,000, made payable in three separate installments as follows: (1) the first payment of \$1,000 can be paid after completion of six months following adoption of this Resolution; (2) the second payment of \$1,000 can be paid after completion of one year of active

employment following adoption of this Resolution, provided Police Officer remains actively employed thirty (30) days after that date; and (3) the third payment of \$1,000 can be paid after completion of two years of active employment with the District following adoption of this Resolution, provided Police Officer remains actively employed thirty (30) days after that date. In the event the Police Officer does not remain employed on the dates for the first, second, and third installments, no payment (or further payment) is due or owing from the District.

SECTION 3. Approval of Agreements. The Board approves and authorizes the District to enter into agreements as described in Sections 1 and 2 above. The District Manager is authorized to execute those agreements and make all appropriate provisions for the payments.

SECTION 4. Scope of Authority. The provision of retention bonuses is not a generally applicable policy, nor something that will apply beyond the narrow circumstances explained in this Resolution. No other District employees or new hires (other than those specifically mentioned in this Resolution) will be eligible for signing or retention bonuses.

SECTION 5. Other Actions. The General Manager is hereby authorized and directed to take any and all actions and to execute and deliver any and all documents and agreements which may be deemed necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution. Such actions are hereby ratified, confirmed, and approved.

SECTION 6. Severability. If any terms or provisions of this resolution is held to be invalid by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect.

SECTION 7. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 21 day of January, 2020, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Approved:

President of the Board

Attest:

Secretary of the Board



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #10

- Subject:** Approval of Resolution No. 2020-03, a Resolution of a policy regarding discontinuation of residential water service.
- Submitted by:** David Aranda, General Manager
- Meeting Date:** January 21, 2020
- Background:** Senate Bill 998 was passed by the State and will take effect February 2020. The Stallion Springs Community Services District falls under the ramifications of SB998.
- Attached is an overview of the bill.
- The Resolution is attached to the actual policy that was written by our attorney.
- Recommendation:** Approve Resolution No. 2020-03.

**BEFORE THE BOARD OF DIRECTORS OF THE
STALLION SPRINGS COMMUNITY SERVICES DISTRICT**

Resolution No. 2020-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF STALLION SPRINGS COMMUNITY SERVICES DISTRICT REGARDING A POLICY ON DISCONTINUATION OF RESIDENTIAL WATER SERVICE.

WHEREAS, The Stallion Springs Community Services District provides various services to the community including potable water, sewer and solid waste, and:

WHEREAS, The Water Shutoff Protection Act SB998 under the Health and Safety Code 116900 that takes effect February 1, 2020, and:

WHEREAS, The Stallion Springs Community Services District wishes to comply with the Water Shutoff Protection Act;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Stallion Springs Community Services District as follows:

The attached Policy on discontinuation of residential water service is approved.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Stallion Springs Community Services District this 21st day of January 2020.

AYES:
NOES:
ABSENT:
ABSTAIN:

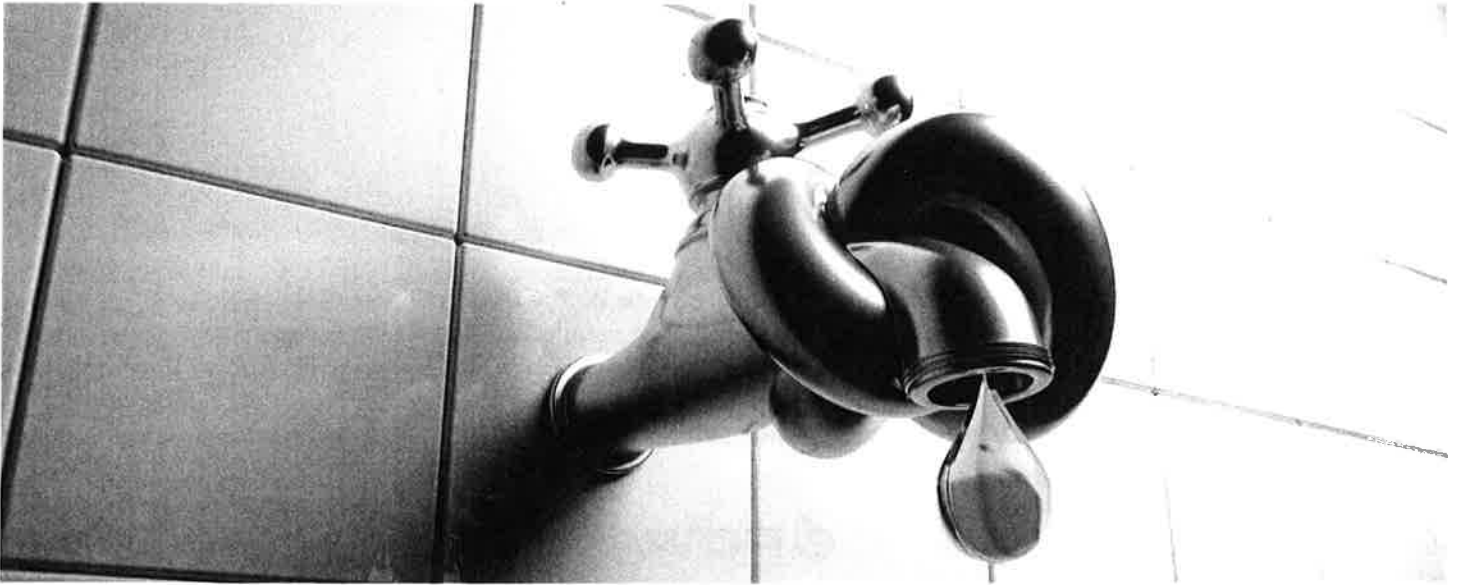
Ed Gordon, President
Board of Directors

Attest:

Vanessa Stevens, Secretary
Board of Directors

The Water Shutoff Protection Act

By Catherine Groves, Senior Counsel, Hanson Bridgett, LLP



Last year, the Governor signed into law the Water Shutoff Protection Act (Act), Health and Safety Code sections 116900 et seq., which requires water agencies to adopt a written policy and provide additional procedural protections for customers prior to terminating residential water service for nonpayment.



Which Agencies Must Comply with the Act?

The Act requires all “urban water suppliers” that are not regulated by the California Public Utilities Commission (CPUC) to comply with the new provisions by February 1, 2020. The term “urban water suppliers” is likely familiar to readers and has the same meaning as in other contexts. It means “a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually.” (Water Code §10617.) The Act does not apply to urban water suppliers that are regulated by the CPUC.

The Act also applies to all “urban and

community water systems” which are public water system that supplies water to more than 200 service connections. Urban and community water systems that are regulated by the CPUC must comply with the Act by February 1, 2020. Urban and community water systems that are not regulated by the CPUC must comply with the Act by April 1, 2020.

What Are the New Requirements?

The law requires agencies to:

1. Have a written policy on discontinuation of residential water service;
2. Provide the policy in multiple

languages including English, the languages listed in Section 1632 of the Civil Code, and any other language spoken by at least 10% of the residents in the agency’s service area;

3. Post the policy on the agency’s website;
4. Prohibit the shutoff of water service until the bill has been delinquent for 60 days;
5. Provide notice at least seven business days prior to discontinuing residential service for nonpayment. The notice must include the information specified in the Act and also must be provided in English, the languages listed in Section 1632 of the Civil Code, and any other

language spoken by at least 10% of the residents in the agency's service area;

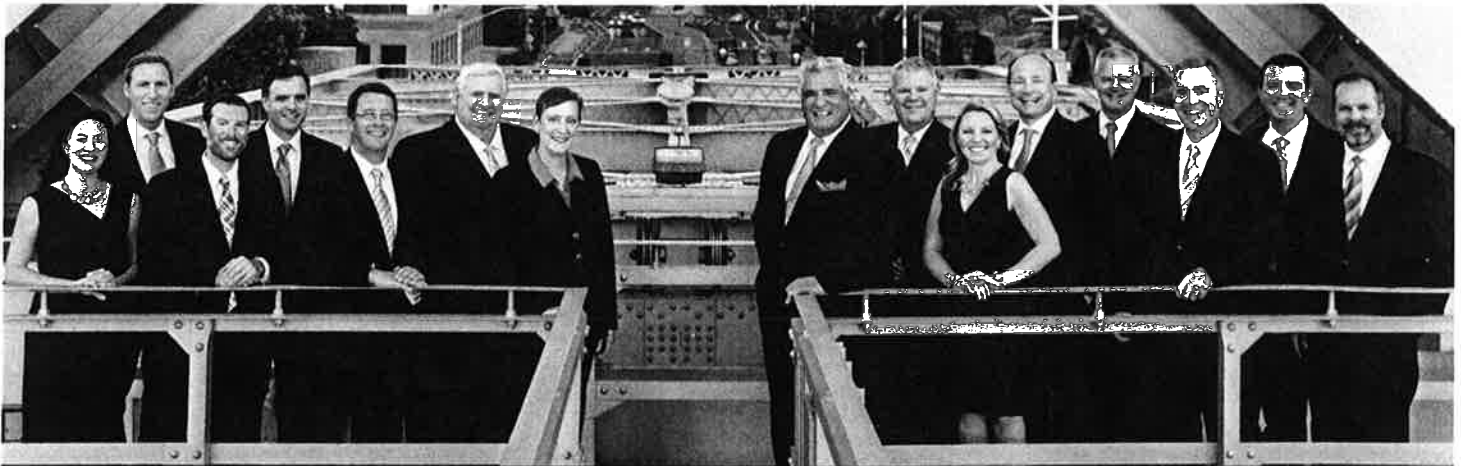
6. Comply with additional notice requirements if the agency is unable to make contact with the customer or an adult occupying the residence;
7. Include provisions for not shutting off water for certain customers that meet specified criteria, including if (i) the discontinuation of residential service will be life threatening, or would pose a serious threat to the health and safety of a resident, (ii) customer demonstrates that they are unable to pay for residential service within the normal billing cycle, or (iii) if the customer is willing to enter into an alternative payment schedule;
8. Cap the reconnection fees for restoring water service for certain low income customers;
9. Provide customers with information on how to restore residential service if it is discontinued for nonpayment; and
10. Post the number of annual discontinuations of service on the agency's website.

What About the Old Requirements?

Agencies are already familiar with the existing requirements for terminating water service which are currently set forth in Public Utilities Code sections 10001 et seq. and Government Code sections 60370 et seq. The Act takes precedence over any conflicting provisions in those statutes.

However, it is additive to requirements in existing law that do not conflict. As a result, agencies will want to work with their legal counsel to review their existing practices and policies and determine how to comply with the Act and the existing Public Utilities Code and Government Code requirements.

Learn more about author Catherine Groves, Senior Counsel from Hanson Bridgett, LLP, at www.hansonbridgett.com/Our-Attorneys/catherine-j-groves.



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POLICY ON DISCONTINUATION OF RESIDENTIAL WATER SERVICE

Adopted by Resolution 2020-03 of the Stallion Springs Community Service District Board of Directors on January 21, 2020

Application of Policy. This Policy on Discontinuation of Residential Water Service (this "Policy") shall apply to all District accounts for residential water service, as well as charges for other residential services included on the same bill as water service charges, but not limited to, sewer and solid waste services. To the extent this Policy conflicts with any other rules, regulations, or policies of the District, this Policy shall control.

1. **Contact Information.** For questions or assistance regarding your water bill, the District's Customer Service staff can be reached at (661) 922-3268. Customers may also visit the District's Customer Service desk in person Monday through Friday, from 8.00 a.m. to 4:15 p.m., except on District holidays.

2. **Billing Procedures.** Water service charges are payable to the District once every [two months] or at such other frequency as determined by the Board of Directors from time to time. All bills for water service are due and payable [the twentieth day of every odd month, and bills are mailed every even month] by the District. Any bills not paid within such period are considered delinquent.

3. **Discontinuation of Water Service for Nonpayment.** If a bill is delinquent for at least sixty (60) days, the District may discontinue water service to the service address.

3.1 Written Notice to Customer. The District will provide a mailed notice to the customer of record at least fifteen (15) days before discontinuation of water service. The notice will contain:

- (a) the name and address of the customer;
- (b) the amount of the delinquency;
- (c) the date by which payment or payment arrangements must be made to avoid discontinuation of service;
- (d) the procedure by which the customer may initiate a complaint or request an investigation or appeal concerning service or charges a description of the procedure by which the customer may request an

- (e) alternative payment arrangement, which may include an extension, amortization, alternative payment schedule, or payment reduction;
- (f) the procedure for the customer to obtain information on financial assistance, if applicable; and
- (g) the telephone number where the customer may request a payment arrangement or receive additional information from the District.

4.2 Written Notice to Occupants or Tenants.

(a) The District will also send a notice to the occupants living at the service address at least ten (10) days before discontinuation of water service under the following circumstances: (i) the District furnishes individually metered service to a single-family dwelling, multi-unit residential structure, mobile home park, or farm labor camp and the owner, manager, or operator is the customer of record; or (ii) the customer of record's mailing address is not the same as the service address. The notice will be addressed to "Occupant," will contain the information required in Section 4.1 above, and will inform the residential occupants that they have the right to become customers of the District without being required to pay the amount due on the delinquent account. Terms and conditions for occupants to become customers of the District are provided in Section 8 below.

(b) If the District furnishes water to residences through a master meter, the District will make a good faith effort, at least ten (10) days prior to termination, to notify the residential occupants that the account is in arrears and the service will be terminated on a date specified in the notice. The District will provide notice by either: (i) mailing the notice to each residential unit; (ii) posting the notice on the door of each residential unit, (iii) if providing notice to each unit is impracticable or infeasible, posting two (2) copies of the notice in each accessible common area and at each point of access to the structure or structures; or (iv) making some other good faith, reasonable effort to provide written notice to the occupants. The notice will be addressed to "Occupant," will contain the information required in Section 4.1 above, and will inform the residential occupants that they have the right to become customers of the District without being required to pay the amount due on the delinquent account. Terms and conditions for occupants to become customers of the District are provided in Section 8 below.

4.3 In-Person or Telephonic Notice. The District will also make a reasonable, good faith effort to contact the customer of record or an adult person living at the premises of the customer in person or by telephone at least seven (7) days before discontinuation of service. The District will offer to provide in writing a copy of this Policy and to discuss options to avert discontinuation of water service for nonpayment, including the possibility of an extension or other payment arrangement.

4.4 Posting of Notice at Service Address. If the District is unable to make contact with the customer or an adult person living at the customer's address in person

or by telephone, the District will make a good faith effort to leave a notice of imminent discontinuation of residential service and a copy of this Policy in a conspicuous place at the service address. The notice and copy of this Policy will be left at the residence at least forty-eight (48) hours before discontinuation of service. The notice shall include:

- (a) the name and address of the customer;
- (b) the amount of the delinquency;
- (c) the date by which payment or payment arrangements must be made to avoid discontinuation of service;
- (d) the procedure for the customer to obtain information on financial assistance, if applicable; and
- (e) the telephone number where the customer may request a payment arrangement or receive additional information from the District.

4.5 Circumstances Under Which Service Will Not Be Discontinued. The District will not discontinue residential water service for nonpayment under the following circumstances:

- (a) During an investigation by the District of a customer dispute or complaint under Section 5.1 below;
- (b) During the pendency of an appeal to the Board of Directors under Section 5.3 below; or
- (c) During the period of time in which a customer's payment is subject to a District-approved extension, amortization, alternative payment schedule, or reduction under Section 6 below, and the customer remains in compliance with the approved payment arrangement.

4.6 Special Medical and Financial Circumstances Under Which Services Will Not Be Discontinued.

- (a) The District will not discontinue water service if all of the following conditions are met:
 - (i) The customer, or a tenant of the customer, submits to the District the certification of a licensed primary care provider that discontinuation of water service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where residential service is provided;
 - (ii) The customer demonstrates that he or she is financially unable to pay for residential service within the District's

normal billing cycle. The customer is deemed financially unable to pay during the normal billing cycle if: (a) any member of the customer's household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or (b) the customer declares under penalty of perjury that the household's annual income is less than 200 percent of the federal poverty level; and

- (iii) The customer is willing to enter into an alternative payment arrangement, including an extension, amortization, alternative payment schedule, or payment reduction with respect to the delinquent charges.
- (b) For any customers who meet all of the above conditions, the District shall offer the customer one of the following options, to be selected by the District in its discretion: (1) an extension of the payment period; (2) amortization of the unpaid balance; (3) an alternative payment schedule; or (4) a reduced payment. The District's General Manager will select the most appropriate payment arrangement, taking into consideration the information and documentation provided by the customer, as well as the District's payment needs.
- (c) The customer is responsible for demonstrating that the conditions in subsection (a) have been met. Upon receipt of documentation from the customer, the District will review the documentation within seven (7) days and: (1) notify the customer of the alternative payment arrangement selected by the District and request the customer's signed assent to participate in that alternative arrangement; (2) request additional information from the customer; or (3) notify the customer that he or she does not meet the conditions in subsection (a).
- (d) The District may discontinue water service if a customer who has been granted an alternative payment arrangement under this section fails to do any of the following for sixty (60) days or more: (a) to pay his or her unpaid charges by the extended payment date; (b) to pay any amortized amount due under the amortization schedule; (c) to pay any amount due under an alternative payment schedule; (d) to pay the reduced payment amount by its due date; or (e) to pay his or her current charges for water service. The District will post a final notice of intent to disconnect service in a prominent and conspicuous location at the service address at least five (5) business days before discontinuation of service. The final

notice will not entitle the customer to any investigation or review by the District.

4.7 Time of Discontinuation of Service. The District will not discontinue water service due to nonpayment on a Saturday, Sunday, legal holiday, or at any time during which the District's office is not open to the public.

4.8 Restoration of Service. Customers whose water service has been discontinued may contact the District by telephone or in person regarding restoration of service. Restoration shall be subject to payment of: (a) any past-due amounts, including applicable interest or penalties; (b) any reconnection fees, subject to the limitations in Section 7.1, if applicable; (c) and a security deposit, if required by the District.

5. **Procedures to Contest or Appeal a Bill.**

5.1 Time to Initiate Complaint or Request an Investigation. A customer may initiate a complaint or request an investigation regarding the amount of a bill within five (5) days of receiving a disputed bill. For purposes of this Section 5.1 only, a bill shall be deemed received by a customer five (5) days after mailing [and immediately upon e-mailing or tagging the door].

5.2 Review by District. A timely complaint or request for investigation shall be reviewed by a manager of the District, who shall provide a written determination to the customer. The review will include consideration of whether the customer may receive an extension, amortization, alternative payment schedule, or payment reduction under Section 6. The District may, in its discretion, review untimely complaints or requests for investigation; however, such complaints or requests are not subject to appeal.

5.3 Appeal to Board of Directors. Any customer whose timely complaint or request for an investigation pursuant to this Section 5 has resulted in an adverse determination by the District may appeal the determination to the Board of Directors by filing a written notice of appeal with the District Secretary within ten (10) business days of the District's mailing of its determination. Upon receiving the notice of appeal, the District Secretary will set the matter to be heard at an upcoming Board meeting and mail the customer written notice of the time and place of the hearing at least ten (10) days before the meeting. The decision of the Board shall be final.

6. **Extensions and Other Alternative Payment Arrangements.**

6.1 Time to Request an Extension or Other Alternative Payment Arrangement. If a customer is unable to pay a bill during the normal payment period, the customer may request an extension or other alternative payment arrangement described in this Section 6. If a customer submits his or her request within thirteen (13) days after mailing of a written notice of discontinuation of service by the District, the request will be reviewed by a manager of the District. District decisions regarding extensions and other

alternative payment arrangements are final and are not subject to appeal to the District's Board of Directors.

6.2 Extension. If approved by the District, a customer's payment of his or her unpaid balance may be temporarily extended for a period not to exceed six (6) months after the balance was originally due. The District's General Manager shall determine, in his or her discretion, how long an extension shall be provided to the customer. The customer shall pay the full unpaid balance by the date set by the District and must remain current on all water service charges accruing during any subsequent billing periods. The extended payment date will be set forth in writing and provided to the customer.

6.3 Amortization. If approved by the District, a customer's payment of his or her unpaid balance may be amortized over a period not to exceed twelve (12) months, as determined by the District's General Manager in his or her discretion. If amortization is approved, the unpaid balance will be divided by the number of months in the amortization period, and that amount will be added to the customer's monthly bills for water service until fully paid. During the amortization period, the customer must remain current on all water service charges accruing during any subsequent billing periods. The amortization schedule and amounts due will be set forth in writing and provided to the customer.

6.4 Alternative Payment Schedule. If approved by the District, a customer may pay his or her unpaid balance pursuant to an alternative payment schedule that will not exceed twelve (12) months, as determined by the District's General Manager in his or her discretion. If approved, the alternative payment schedule may allow periodic lump-sum payments that do not coincide with the District's established payment date or may provide for payments made more or less frequently than the District's regular payment date. During the period of the alternative payment schedule, the customer must remain current on all water service charges accruing during any subsequent billing periods. The alternative payment schedule and amounts due will be set forth in writing and provided to the customer.

6.5 Payment Reduction. If approved by the District, a customer may receive a reduction of the unpaid balance owed by the customer, not to exceed _____ percent (___%) of the unpaid charges for water service. Any such reduction shall be funded using unrestricted funds of the District, and not from charges or fees paid by other customers. The District's General Manager shall determine, in his or her discretion, whether to grant a reduced payment, and the amount of such reduction, based on: (a) the availability of District funds to fund the reduction at a given time; (b) the customer's demonstrated financial need; and (c) the customer's prior payment history or prior payment reductions. The amount of the reduced payment and the due date for the reduced payment will be set forth in writing and provided to the customer.

6.6 Failure To Comply. If a customer has been granted a payment arrangement under this Section 6 and fails to: (1) pay the unpaid charges by the extension date; (2) pay an amount due under an amortization schedule; (3) pay an

amount due under an alternative payment schedule; or (4) pay a reduced payment amount by its due date, then the District may terminate water service. The District will post a final notice of intent to disconnect service in a prominent and conspicuous location at the service address at least five (5) business days before discontinuation of service. The final notice will not entitle the customer to any investigation or review by the District.

7. Specific Programs for Low-Income Customers.

7.1 Reconnection Fee Limits and Waiver of Interest. For residential customers who demonstrate to the District a household income below 200 percent of the federal poverty line, the District will:

- (a) Limit any reconnection fees during normal operating hours to fifty dollars (\$50), and during non-operational hours to one hundred fifty dollars (\$150). The limits will only apply if the District's reconnection fees actually exceed these amounts. These limits are subject to an annual adjustment for changes in the Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U) beginning January 1, 2021.
- (b) Waive interest charges on delinquent bills once every 12 months. The District will apply the waiver to any interest charges that are unpaid at the time of the customer's request.

7.2 Qualifications. The District will deem a residential customer to have a household income below 200 percent of the federal poverty line if: (a) any member of the household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or (b) the customer declares under penalty of perjury that the household's annual income is less than 200 percent of the federal poverty level.

8. Procedures for Occupants or Tenants to Become Customers of the District.

8.1 Applicability. This Section 8 shall apply only when the property owner, landlord, manager, or operator of a residential service address is listed as the customer of record and has been issued a notice of intent to discontinue water service due to nonpayment.

8.2 Agreement to District Terms and Conditions of Service. The District will make service available to the actual residential occupants if each occupant agrees to the terms and conditions of service and meets the requirements of the District's rules and regulations. Notwithstanding, if one or more of the occupants are willing and able to assume responsibility for the subsequent charges to the account to the satisfaction of the District, or if there is a physical means, legally available to the District, of selectively discontinuing service to those occupants who have not met the requirements of the

District's rules and regulations, the District shall make service available to the occupants who have met those requirements.

8.3 Verification of Tenancy. To be eligible to become a customer without paying the amount due on the delinquent account, the occupant shall verify that the delinquent account customer of record is or was the landlord, manager, or agent of the dwelling. Verification may include, but is not limited to, a lease or rental agreement, rent receipts, a government document indicating that the occupant is renting the property, or information disclosed pursuant to Section 1962 of the Civil Code, at the discretion of the District.

8.4 Methods of Establishing Credit. If prior service for a period of time is a condition for establishing credit with the District, residence and proof of prompt payment of rent for that period of time is a satisfactory equivalent.

8.5 Deductions from Rental Payment. Pursuant to Government Code Section 60371(d), any occupant who becomes a customer of the District pursuant to this Section 8 and whose periodic payments, such as rental payments, include charges for residential water service, where those charges are not separately stated, may deduct from the periodic payment each payment period all reasonable charges paid to the District for those services during the preceding payment period.

9. **Language for Certain Written Notices.** All written notices under Section 4 and Section 6.6 of this Policy shall be provided in English, Spanish, Chinese, Tagalog, Vietnamese, Korean, and any other language spoken by ten percent (10%) or more people within the District's service area.

10. **Other Remedies.** In addition to discontinuation of water service, the District may pursue any other remedies available in law or equity for nonpayment of water service charges, including, but not limited to: securing delinquent amounts by filing liens on real property, filing a claim or legal action, or referring the unpaid amount to collections. In the event a legal action is decided in favor of the District, the District shall be entitled to the payment of all costs and expenses, including attorneys' fees and accumulated interest.

11. **Discontinuation of Water Service for Other Customer Violations.** The District reserves the right to discontinue water service for any violations of District ordinances, rules, or regulations other than nonpayment.

12. **Fees and Charges Incurred.** Except as otherwise expressly stated in this Policy, any fees and charges incurred by a customer under any other rules, regulations, or policies of the District, including, but not limited to, delinquent charges, shall be due and payable as set forth therein.

13. **Decisions by District Staff.** Any decision which may be taken by the District's General Manager under this Policy may be taken by his or her designee.



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #11

Subject: Approval to expend up to \$10,000 to purchase equipment that will allow the District to exercise all water valves (called Spin Doctor 400).

Submitted by: David Aranda, General Manager

Meeting Date: January 21, 2020

Background: The District use to be on a regular schedule for exercising valves in the District and flushing the water system. From what I can tell, that stopped about six years ago. This places the District in a dangerous position should a water break occur and the staff is unable to turn off the valves that would isolate the break (i.e. water would continue flowing down the street or numerous homes would be out of water for a period of time).

The current tool used for exercising valves is in disrepair and would cost \$5000 to replace. The current tool is a hand tool that requires strength by the operator and puts a strain on the operator's body, i.e. back and arms to operate.

Staff is requesting approval to order the attached piece of equipment that is much more operator friendly (see flyer). Because time is of the essence (three to four-week delivery time) I gave approval to get our order in to the vendor and should the board not approve this request I will take responsibility for cancelling the order.

Recommendation: Approve expending up to \$10,000 plus applicable taxes for the Spin Doctor 400 valve exercising equipment, capital equipment account.



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Quote

Date	Quote #
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Ship To
Stallion Springs CSD 27800 Stallion Springs Dr. Tehachapi, CA 93561

Terms	Rep	FOB	Project
Net 30		FFA	

Item	Description	Qty	Cost	Total
SD400	Spin Doctor SD400 with Standard 400 Head	1	6,750.00	6,750.00
PP6.5	6.5hp Power Pack	1	2,920.00	2,920.00
Total				\$9,670.00



Rear Hitch Mount
The Spin Doctor® boom can be mounted on the rear hitch receiver of any light duty vehicle.

Front Hitch Mount
The Spin Doctor® boom can be mounted on the front hitch receiver and secures to 90 degrees for safe travel.

Trailer Mount
A popular configuration is the Spin Doctor® trailer mounted system.

Valve&Vac™ Mount
The Valve & Vac™ system will quickly clean valve boxes making access to the valve a snap!

4x4 Off Road Mount
This off-road utility vehicle can get to places that standard trucks and utility vehicles can't.

Quick and Easy Alignment

With extensive range of motion and a multi-directional swiveling head, the Spin Doctor® quickly mounts to almost any valve or hydrant eliminating the need for critical, time consuming vehicle alignment.

Ease of Use

Spin Doctor® is fingertip light and easy to position over the valve or hydrant. The Spin Doctor® defies gravity with its unique gas spring design.



The Spin Doctor Boom Has Been Tested and Analyzed by a Leading University

The Spin Doctor® boom was tested for strength, flexibility and torque by the Engineering Department at South Dakota State University.

The Spin Doctor® boom is made of high strength steel tubing that is of sufficient size and strength that when it tries to bend on the weak axis and then twist it can carry the loads. It has the strength and flexibility to go up to 500 foot pounds of torque and show no signs of yielding with no permanent deformations in any of the parts of the boom.

Additional tests have been conducted with the Spin Doctor® boom using a 4-1 multiplier that pushed the torque rating to over 2,000 foot pounds without showing no signs of failure.

The Total Solution

Hurco Technologies has what you need in rugged, dependable exercising solutions. The Spin Doctor® offers a safe and easy solution to keep your valve and hydrant inventory in perfect condition. Quick set up means more valves and hydrants per day. Fingertip control means little or no risk of operator fatigue or injury. Spin Doctor® boasts the industry's greatest range of motion; no one comes close. Rugged construction means years of service and only Hurco offers a Lifetime Warranty against boom damage caused by torque.





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AGENDA SUPPORTING INFORMATION

Agenda #17

Subject: PERSONNEL: Government Code 54957.6-General Manager.

Submitted by: David Aranda, General Manager

Meeting Date: January 21, 2020

Background: This discussion is in regard to the General Managers performance and the Boards decision to renew the agreement.

Recommendation: Approve the attached Agreement for 2020.



STALLION SPRINGS

COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

January 21, 2020

Amended Agreement

This is an agreement between The Stallion Springs Community Services District Board of Directors and David Aranda.

The Board of Directors agrees to retain David Aranda as the part time General Manager for Stallion Springs C.S.D. effective January 15, 2019.

Effective January 1, 2020 the hourly rate will be reduced to \$20.00 per hour and effective January 1, 2021 David Aranda will have the District pay for his and his wife's medical, dental and vision insurance as provided through the SSCSD and SDRMA.

For 2020, it has been determined that the value of the insurance is \$1605.69 per month.

David agrees to work a minimum of 64 hours per month and to assume day to day oversight of the District.

The Board of Directors agrees to give David Aranda full control in managing the District operations based on the budget for Fiscal Year 2019.

David Aranda will regularly communicate with the Board of Directors via e-mails or memos in regard to the operations of SSCSD.

Both David Aranda and The Stallion Springs C.S.D. Board of Directors understand that David Aranda is an employee of the District and thus must abide and follow the Employee Manual of the District except the Health Insurance coverage.

This agreement is valid until December 31, 2020 unless either party wishes to terminate the agreement with a two week notice.

Agreed;

David Aranda

Ed Gordon, President Board of
Directors