



AGENDA

Please turn off all cell phones while meeting is in progress.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT
27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561

BOARD OF DIRECTORS REGULAR BOARD MEETING
TUESDAY, December 18, 2018 @6:00 PM

****Please note that Ben Dewell and Fred Rowan were sworn in on December 6th and December 10th respectively.****

- 1) **Flag Salute**
- 2) **Call to Order**
- 3) **Roll Call:**

Directors present:
Directors absent:
- 4) **Reserved for President's Comments and Addendum.**
- 5) **PUBLIC PRESENTATIONS** – This portion of the meeting is reserved for persons desiring to address the Board on any matter not on this agenda and over which this Board has jurisdiction. "Please be advised however, the Brown Act prohibits action on items that are not listed on the Agenda, or properly added to the Agenda under the provisions of the Brown Act. The Board may set such items for consideration at some future Board meeting." Speakers are limited to three (3) minutes. PLEASE STEP TO THE PODIUM TO MAKE YOUR PRESENTATION. STATE YOUR NAME AND ADDRESS FOR THE RECORD, before making your presentation. Thank you.
- 6) **BOARD MEMBER ITEMS** – This portion of the meeting is reserved for Directors to present to the Board and to the public, information, announcements and items that have come to their attention. No formal action will be taken. A Board member may request that an item be placed, for consideration, at a future Board meeting.
- 7) Interview and appointment for Board of Directors replacing Director Stewart.
- 8) Vote to appoint a President and Vice-President.

- 9) Discussion and possible decision in regard to allowing detached car ports in Stallion Springs.
- 10) Approval to accept the bid from HPS for \$640,000 to build a new lift station for the wastewater plant.
- 11) Approval of listing of names and authorizing Bank of the West, Bank of Sierra and Kern County financial transactions.
- 12) Report on the sale of the property located at 16904 Bold Venture Dr. to Woodward.
- 13) Discussion and possible direction in regard to mandatory fines from the Water Board.
- 14) Approval of Resolution No. 2018-20, Authorizing the execution and delivery of an installment sale agreement, and authorizing and directing certain actions in connection with the acquisition and construction of a well drilling project.
- 15) Discussion in regard to the Bornt property.
- 16) Approval of the October 2018 Regular Board Meeting Minutes and the November 2018 Special Board Meeting Minutes.
- 17) Approval of Checks for October and November 2018 and the CalPERS Retirement Payments.
- 18) Financial Reports for October 2018 and November 2018.
- 19) Police Report for October 2018 and November 2018.
- 20) General Manager's Report.

CLOSED SESSION

- 1) **PERSONNEL:** Government Code §54957.6-Police Chief

ADA compliance statement: In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact the General Manager, David Aranda, at 661-822-3268. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

Posted December 14, 2018



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:** Interview candidates and appoint an individual to be seated on the Stallion Springs CSD Board of Directors to replace Director Stewart.
- Submitted by:** David Aranda, General Manager
- Meeting Date:** December 18, 2018
- Background:** The Board accepted Director Stewart's resignation (she had to move out of Stallion Springs) but it was after the ballots had been prepared for the November 2018 election. Because no one was running against her she was appointed back to the Board of Directors for the term running December 7, 2018 through December 4, 2020.
- The Board approved the District advertising the vacant seat with applications due no later than the close of business December 13, 2018.
- The District received applications from three candidates and those applications are enclosed.
- Recommendation:** The Board should interview each of the candidates with questions that are pertinent to the position and responsibility, make a motion to appoint one of individuals to the Board, vote so we can swear the individual in immediately.



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Boards Questionnaire

Date: 12/7/18

Name: Nicholas Roy Cunningham

Residence Address: 17761 Churchill St, Tehachapi, CA 93561

Mailing Address: Same

Occupation: Vice President Operations

Phone Number: Home: 661-825-0975 Business: 805-390-9505 Cell: 805-890-0276

E-Mail Address: ncuningham@petrab;asting.com

1. How long have you lived in Stallion Springs? 6 years 8 months
2. Are you a registered voter in Kern County? Yes No:
3. Why are you seeking appointment to the Board? Through heavy volunteer involvement in the community I have become familiar with what a great place Stallion is, I'd like to contribute to that any way I can.
4. What is your experience or knowledge regarding the Board or Stallion Springs? Outside of a couple general meetings I have no specific experience or knowledge of the board. I am a blank slate without preconceived notions.
5. State your views regarding the work of the Board. In general I view the board as key members of the community whom give of themselves for the greater good.
6. The Board meets a minimum of 12 times per year; more if there are special meetings or projects. Therefore, it is required for all members to be in attendance to insure a quorum. Are you able to devote this amount of time? Yes No
7. Have you attended any meetings of the Board? Yes No
If yes, how many times in the past twelve months? 2
8. Would there be a possible conflict of interest if you were appointed to this Board? Yes No
If yes, please explain: I serve as a director on the SSPOA and I'm an involved volunteer with SSPAL.



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Boards Questionnaire

Date: 10-15-18

Name: BARRY N. LESLIE

Residence Address: 30710 BUCKSKIN DRIVE

Mailing Address: SAME

Occupation: RETIRED

Phone Number: Home: 822-1207 Business: _____ Cell: 661 902-1174

E-Mail Address: BLESLIE0561@GMAIL.COM

1. How long have you lived in Stallion Springs? 12 YEARS

2. Are you a registered voter in Kern County? Yes No:

3. Why are you seeking appointment to the Board? _____

PLEASE SEE ATTACHED LETTER

4. What is your experience or knowledge regarding the Board or Stallion Springs? _____

5. State your views regarding the work of the Board. _____

6. The Board meets a minimum of 12 times per year; more if there are special meetings or projects. Therefore, it is required for all members to be in attendance to insure a quorum. Are you able to devote this amount of time? Yes No

7. Have you attended any meetings of the Board? Yes No
If yes, how many times in the past twelve months? 1-3

8. Would there be a possible conflict of interest if you were appointed to this Board? Yes No

If yes, please explain: _____

Oct. 22, 2018

Stallion Spring's Board of Directors

My name is Barry Leslie and I would respectfully appreciate it if the Board would consider appointing me to fill out the term of the departed board member, Amanda Stewart.

I am going to be 72 years old this coming Nov. and have lived in Stallion Springs since 2006 when I built the home my wife, Sheril, and I currently live in.

Prior to my retirement, I worked for 35 years as a construction electrician and eventually moved from field work into project and then office management for Halco Electric in Los Angeles.

I have been the Stallion Springs Trail Committee leader since moving here and still hold that position. I have worked with General Manager, David Aranda prior to his departure several years ago and have continued to work with the successive District Managers. I was glad to see David come back as Manager because his knowledge and expertise are invaluable to our community.

I have attended multiple Board meetings during the past 12 years and have the utmost respect for all prior and present Board members. I may not have agreed with all of the proposals that have been brought forth during that time, but all differences of opinion should be admired and considered when they are presented in a logical, thoughtful and forthright manner. Management can be difficult at times, but the good of the overall community must be the objective we all strive for.

I have spoken with various Board members during the past 12 years and am aware of the time and effort that needs to be shouldered in order to make our community better each year than the previous one. I am willing to make that commitment.

I look forward to interviewing with you at your convenience and thank you for your consideration.

Sincerely,



Barry Leslie

30710 Buckskin Drive

822-1207



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Boards Questionnaire

Date: 11-6-2018

Name: JOSHUA PIERCE

Residence Address: 27941 RUSTLER AVE TEHACHAPI, CA 93561

Mailing Address: SAME

Occupation: EMERGENCY MEDICAL SERVICE COORDINATOR

Phone Number: Home: N/A Business: (661)-400-5560 Cell: 818-402-0300

E-Mail Address: TOJOSHPI@YAHOO.COM

1. How long have you lived in Stallion Springs? JULY 2018

2. Are you a registered voter in Kern County? Yes No:

3. Why are you seeking appointment to the Board? I WANT SERVE MY COMMUNITY.

I'D LIKE TO ~~REPRESENT~~ PROFESSIONALLY REPRESENT THE CITIZENS

AND MEMBERS OF OUR COMMUNITY. I WANT TO PROVIDE AND CONTINUE POSITIVE LEADERSHIP.

4. What is your experience or knowledge regarding the Board or Stallion Springs? I HAVE

ATTENDED MEETINGS, REVIEWED RULES, MEETING MINUTES. I HAVE

RESEARCHED OUR COMMUNITY AND THE SCOPE OF THE BOARD'S ROLE.

5. State your views regarding the work of the Board. THE BOARD SERVES AT THE

PLEASURE OF OUR COMMUNITY MEMBERS. THE BOARD WORKS ON BEHALF OF ALL.

6. The Board meets a minimum of 12 times per year; more if there are special meetings or projects.

Therefore, it is required for all members to be in attendance to insure a quorum. Are you able to devote this amount of time? Yes No

7. Have you attended any meetings of the Board? Yes No

If yes, how many times in the past twelve months? 3

8. Would there be a possible conflict of interest if you were appointed to this Board? Yes No

If yes, please explain: NO CONFLICTS TO DISCLOSE

Joshua Pierce

29741 Rustler Ave | Tehachapi, Ca 93561 | 818-402-0300 | tojoshp@yahoo.com

The opportunity to represent our community is one, which will require numerous adaptable skills with proficient and productive results. Over the course of the last decade I have embarked in the field of Emergency Medical Services promoting from an EMT to an Emergency Medical Service Coordinator. These multifaceted positions allow me to partake in and conduct a wide range of responsibilities, from administrative to leadership roles. Administratively, I have engaged in quality patient care through auditing, implementing policies and adhering to procedures, and have been part of the general team that ensures verification as well as precision in documentation. As a leader, I have created, advised, and administered programs and plans achieving positive results. I have managed an emergency communications center and emergency first responders in Los Angeles County for an emergency medical service provider which included a large team where I helped motivate them towards goals, which would advance the standing of the company overall. Additionally, I have also worked in recruitment, which included, but was not limited to: hiring, interviewing, promoting, and evaluation processes. I have worked with the community in several capacities from planning and executing events to benefit the community through blood drives, career fairs, and other events.

In addition, I have also pursued employment, which has allowed me to embark in healthcare leadership and academic avenues. I worked as a Skills Instructor at College of the Canyons, which allows me to incorporate and utilize my professional skills in a classroom environment. Additionally, I have dedicated myself to community projects and continual education within the field through certification programs and by pursuing my studies in healthcare leadership. My extensive abilities have been developed in diverse settings, making me relatively adaptable to any environment and any project, with consistent and meticulous skills. I would like to apply these acquired skills from both professional and academic sphere's to work independently as well as on a team with gifted professionals. By investing your time and knowledge in me, I will provide a dedicated and resourceful to your organization. Thank you for taking the time to review my qualifications.

Cordially,

Joshua Pierce.

JOSHUA PIERCE

27941 Rustler Ave | Tehachapi, CA 93561 | 818-402-0300 | Tojoshp@yahoo.com

OBJECTIVE

To obtain a challenging position within a dynamic organization where my experiences and skills can be utilized to the fullest extent in a professional environment.

WORK HISTORY

2015 – Present EMS Outreach Coordinator, Bakersfield, CA

Duties include but are not limited to:

- Facilitate transfer agreements with regional hospitals
- Track trends and monitor hospital transfers and EMS volume
- Regionally assist in EMS Outreach in Arizona, Nevada, and California
- Implement transfer center & emergency room improvement processes & procedures
- Initiate and coordinate contracts with schools, fire departments, and tele-medicine
- Create and maintain applications for hospital designations with county EMS agencies
- Prepare reports, statistics, and presentations for executive corporate leadership
- Find opportunities for business development within new service areas
- Coordinate community service and outreach training events
- Instruct continuing education training to EMS providers & regional hospitals
- Audit patient care reports providing QA/QI feedback
- Liaison with EMS agency, EMS providers, and hospital network
- Track patient infection, disease, and medical illness trends

2009– 2016 EMT Skills Instructor, College of the Canyons – Valencia, CA

Duties include but are not limited to:

- Facilitate classroom activities for EMT skills class
- Provide feedback to students about their performance with skills
- Proctor written exams
- Answers questions about process to become registered as an NREMT
- Organize and conduct CPR skills assessment
- Guest speaker about EMS careers
- Instruct students on EMT practical skills

2015 Combat Skills Medic, AT-S (DOD) – China Lake Naval Base, CA

Duties include but are not limited to:

- Providing medical aid for military personnel
- Facilitate and teach CPR classes
- Maintain and implement emergency action plan
- Conduct medical supply audits
- Complete medical incident and treatment reports
- Operate computerized systems for data input
- Maintain Classified and Secret level clearance for military exercises
- Health and Safety prevention programs

OFFICIAL APPOINTMENT
BOARD OF SUPERVISORS

STATE OF CALIFORNIA }
County of Kern } ss.

I, KATHLEEN KRAUSE, Clerk of the Board of Supervisors of the County of Kern, State of California, do hereby certify that at a regular session of said Board held in and for said County of Kern, on the 13th day of November, 2018, Amanda Stewart was duly appointed to the office of Director, Stallion Springs Community Services District, in and for Kern County, State of California, as appears by the Official Records of said Board in my office.



12-7-18 to 12-4-20

in lieu of election

IN WITNESS WHEREOF, I have hereunto affixed my hand and Seal of the Board of Supervisors of the County of Kern, State of California.

this November 13th, 2018

Kathleen Krause
Clerk of the Board of Supervisors

STATE OF CALIFORNIA }
County of Kern } ss.

OATH

For the Office of Director, Stallion Springs Community Services District

I, Amanda Stewart, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Subscribed and sworn before me this

(SEAL)

(Signature of Appointee)

KATHLEEN KRAUSE
Clerk of the Board of Supervisors

(Signature of Person Administering Oath) (Notary or Deputy)

(Title)



Mary B. Bedard, CPA
Auditor-Controller-County Clerk-Registrar of Voters

KERN COUNTY AUDITOR-CONTROLLER-COUNTY CLERK-ELECTIONS
1115 Truxtun Avenue, 1st and 2nd Floor • Bakersfield, CA 93301-4639

November 14, 2018

Vanessa Stevens, Secretary
Stallion Springs Community Services District
27800 Stallion Springs Dr
Tehachapi, CA 93561

Re: Statewide General Election - November 6, 2018

Dear Secretary:

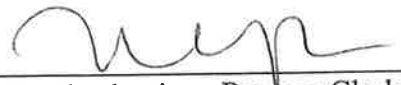
Enclosed are the original Appointments and Oaths of Office for each of the Directors appointed in your district in lieu of election.

The Oath of Office may be administered in the Elections Office, 1115 Truxtun Avenue, Bakersfield, it may be taken before a Notary Public in your vicinity, or it may be given by the District Secretary. If the Oath is taken before a Notary Public, please ask the Notary to sign on the line in the lower right-hand corner of the form and enter title on line below.

Please return the original Appointment and Oath of Office to the Elections Office for filing. A copy will be returned to the Secretary and one to the appointee. If you should have any questions or want further information, please do not hesitate to contact our office.

Sincerely,

Mary B. Bedard, CPA
Auditor-Controller-County Clerk

By: 
Nyoka Reed, Elections Process Clerk

MBB:NR:nr

Enclosures
Appt in lieu letter.DISTRICT



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AGENDA SUPPORTING INFORMATION

Agenda #8

Subject: Vote to appoint a President and Vice-President to the Stallion Springs CSD from the seated Board Members.

Submitted by: David Aranda, General Manager

Meeting Date: December 18, 2018

Background: As noted in the attached District Titles, the first Board Meeting after a General Election (every two years) the Board should determine a President and Vice President for the next two years.

Please note the entire portion of the Titles and the fact that there is no limit on consecutive terms that individuals may serve as President/Vice-President.

Recommendation: Have the General Manager preside over the nominations for President and have the President preside over the nominations for Vice-President.

CHAPTER 2

ELECTION, APPOINTMENT, DUTIES AND COMPENSATION

SECTION:

- 3-2-1: Elected Officials
- 3-2-2: Elections
- 3-2-3: Conditions Of Office
- 3-2-4: Duties Of Directors
- 3-2-5: Duties Of Officers
- 3-2-6: Meetings
- 3-2-7: Appointive Officers

3-2-1: **ELECTED OFFICIALS:** The officers of the district shall be a president, a vice president, a secretary, a general manager and such other officers as may be prescribed by the board from time to time to perform such duties as may be designated by the board. The offices of general manager and secretary may be consolidated into one. The president shall be a member of the board, but neither the secretary nor the general manager may be a member of the board. (Ord. 118, 5-15-2001)

3-2-2: **ELECTIONS:**

- A. At the first board meeting, following each district general election to elect directors of this board, the board shall convene and shall elect one of its members as president and one of its members as vice president with each to serve a two (2) year term.
- B. The procedures in this section shall govern the election of board president and vice president, unless changed by action of the board.
 - 1. The general manager shall chair the proceedings for election of the president, which shall be the first order of business after any newly elected directors have been seated. The newly elected president shall assume office immediately, and shall chair the proceedings for the election of the vice president.

2. The chair shall call for nominations from the members of the board. A member need not be recognized by the chair in order to make a nomination. No second shall be required for nominations, although one or more members may second a nomination to indicate endorsement. No member may nominate more than one person for the position. The chair shall repeat each nomination until all nominations for the office have been made. If an absent member has rendered a nomination by mail, which has been received by the secretary of the board prior to opening the meeting for nominations, such nomination shall be read by the chair and shall be valid. Once nominations have been completed, the chair shall call for a vote which may be conducted either by a showing of hands or by voice vote. Voting shall be repeated as many times as necessary in order to obtain three (3) votes for a single candidate. Where repeated voting is necessary, the nominee receiving the lowest number of votes shall not be removed from the next ballot unless a motion is duly carried requiring his elimination. The secretary shall record the results of each vote in the minutes. (Ord. 118, 5-15-2001)

3-2-3: CONDITIONS OF OFFICE:

A. Terms:

1. The president and vice president may serve as many consecutive two (2) year terms as elected by the majority of the board of directors.

2. Vacancies in the office of director shall be filled in accordance with the provisions of California Government Code 1780.

B. Compensation: The general manager and secretary shall each receive the compensation determined by the board. The board may employ, fix the compensation of and prescribe the authorities and duties of other officers necessary or convenient for the business of the district.

C. Surety Bonds: The general manager, secretary and any other officer or agent of the district charged with the responsibility for the custody of any of its funds or property shall give bond in the sum and with such surety as the board may determine. (Ord. 118, 5-15-2001)



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AGENDA SUPPORTING INFORMATION

Agenda #9

Subject: Discussion and possible decision in regard to allowing car ports in Stallion Springs.

Submitted by: David Aranda, General Manager

Meeting Date: December 18, 2018

Background: Attached is a request from Mr. & Mrs. Sanders in regard to obtaining approval to place a car port on their property. I have had another individual contact me in regard to desiring to have a carport on his property as well.

When ArtCOM was overseen by a separate entity, car ports were not allowed. When the District took over the ArtCOM responsibility's and CC&R oversight car ports continue to not be permitted.

A discussion with the law firm that represents the District stated that the District does have the authority to deny car ports.

From another standpoint, well designed car ports are very similar to the large metal buildings that have been allowed to be placed on properties in Stallion.

The Board is the ultimate authority to decide if car ports should be allowed.

Recommendation: The General Manager would ask the board to consider allowing car ports based on their color matching the home and that the unit get placed within 10 feet of the home. The other thought would be to only accept car ports that are manufactured by reputable companies and that no "homemade" car ports would be acceptable.

11/20/18

To: Stallion Springs C.S.D. Board Members

Re:17651 Arlington Place

Dear Board Members,

We are asking the board to consider our request for the approval of a carport for our property. Our home does not have a garage. With challenging weather and needing to protect our assets, this is our only choice. The carport would be located at the top of the driveway, in the front of the house. Therefore, it would look like a unit with the house. It would not be constructed out in the open and be an eyesore. California All Steel is a professional and reputable company. It would be constructed with high quality material and have a 20 year guarantee.

Thank you for your time and consideration.

Sincerely,

John & Kathryn Sanders

*Dec 18th
Board met*

STALLION SPRINGS DESIGN REVIEW AGENCY

APPLICATION FOR PLAN CHECK

NOTE: This application must be complete before it will be considered by the DRA. A copy of the CC&R's is available for your inspection or you may purchase a copy at a nominal cost.

Project Location: Tract/PM 3445 Lot 41 Block DP
Street Address (If Known): 17651 Arlington Place
Property Owner: John & Kathryn Sanders
Mailing Address: Same
Phone: Cell Home 661-400-9813 Work N/A
Contractor: _____
Mailing Address: _____
Phone: Home _____ Work _____

Before Digging, contact the CSD Office for permission.

THE FOLLOWING ITEMS MUST BE ATTACHED TO THIS APPLICATION

1. Two signature copies of the applications filled out front & back completely.
2. Two sets of plans including grading, plot plan, floor and roof plan, exterior details, color scheme, fences, landscaping and those natural features such as trees and rock outcropping that are impacted by improvements.
3. Two copies of Encroachment Permit issued by the Stallion Springs Community Services District for the driveway approach.
4. Application fee. (Refer to fee schedule.)

SITE INSPECTION BY DRA MAY OCCUR AT ANY REASONABLE TIME

AGREEMENT

"No trees or rock outcropping may be removed without prior written permission from DRA." Applicant has received a copy of the Covenants, Conditions and Restrictions and understands and agrees to the requirements of this application and those set forth in the CC&R's governing any and all improvements on subdivided land within Stallion Springs. Should the DRA approve your plans, applicant further understands and agrees that all criteria on this application, the plans and attached permits and check-list shall not be deviated from unless approved by DRA in writing. Applicant understands that all utilities for new residential and commercial construction are to be underground from the street to the building. Owners will be cited for litter. Keep trash and construction materials in trash bins.

Kathryn J. Sanders
Applicant/Owner's Signature

10/15/18
Date

Check List

Application

DRA Members

Reviewed _____

Approved _____

Fee \$ 5.00

Date 10-16-18

STALLION SPRINGS DESIGN REVIEW AGENCY
APPLICATION FOR PLAN CHECK

PAGE 2

I. New structure - Describe Standard Carport 18' x ~~24'~~^{15'} x 8'

Will you be placing a storage container on the property during construction? N/A
(Limit 180 days)

II. Type of improvements:

- | | | | |
|------------------------|-----|-------------------------|----------|
| a) Garage, outbuilding | ___ | g) Tree or rock removal | ___ |
| b) Fence, wall, etc. | ___ | h) Exterior repainting | ___ |
| c) Satellite dish | ___ | i) New roofing | ___ |
| d) Deck | ___ | j) Signs | ___ |
| e) Room addition | ___ | k) Other | <u>X</u> |
| f) Driveway | ___ | | |

III. Please submit two copies of plans and specifications, plot plans, color chips, samples, and any other information that would be helpful in considering your request.

IV. Please note that the DRA review will include an aesthetical comparison with existing improvements. On a residential lot, only "one accessory building" shall be permitted and it "shall conform generally in architectural design and exterior materials to the finish of the primary building on said lot".

Improvements to new or existing driveway approaches require an "Encroachment Permit" from Stallion Springs Community Services District (SSCSD) before the DRA can consider the application. The SSCSD has specifications which detail the construction of the approach.

Please contact the District Office concerning questions in regard to type of material, colors for improvements such as fences, walls etc.

Consult the DRA Fee schedule (copy available at District Office) for the various requests.

V. The following items are to be checked off as they apply to the plans and improvements.

1. Exterior siding: Yes ___ No X

Manufacturer/Name: _____

2. Roofing and color: Yes X No ___

Manufacturer/Name: California all Steel

Provide a sample or a brochure of roofing type & color.

Note: Two sets of color chips are required for all exterior colors. Please indicate where each color will be used (trim, siding, etc.)

3. Color of paint ^{- Roof} Gray Yes ___ No ___
Color of siding _____ Yes ___ No X
Color of trim _____ Yes ___ No X

STREET

CURB

DRIVEWAY

PROPANE TANK

HILL

RETAINING WALL

SHED

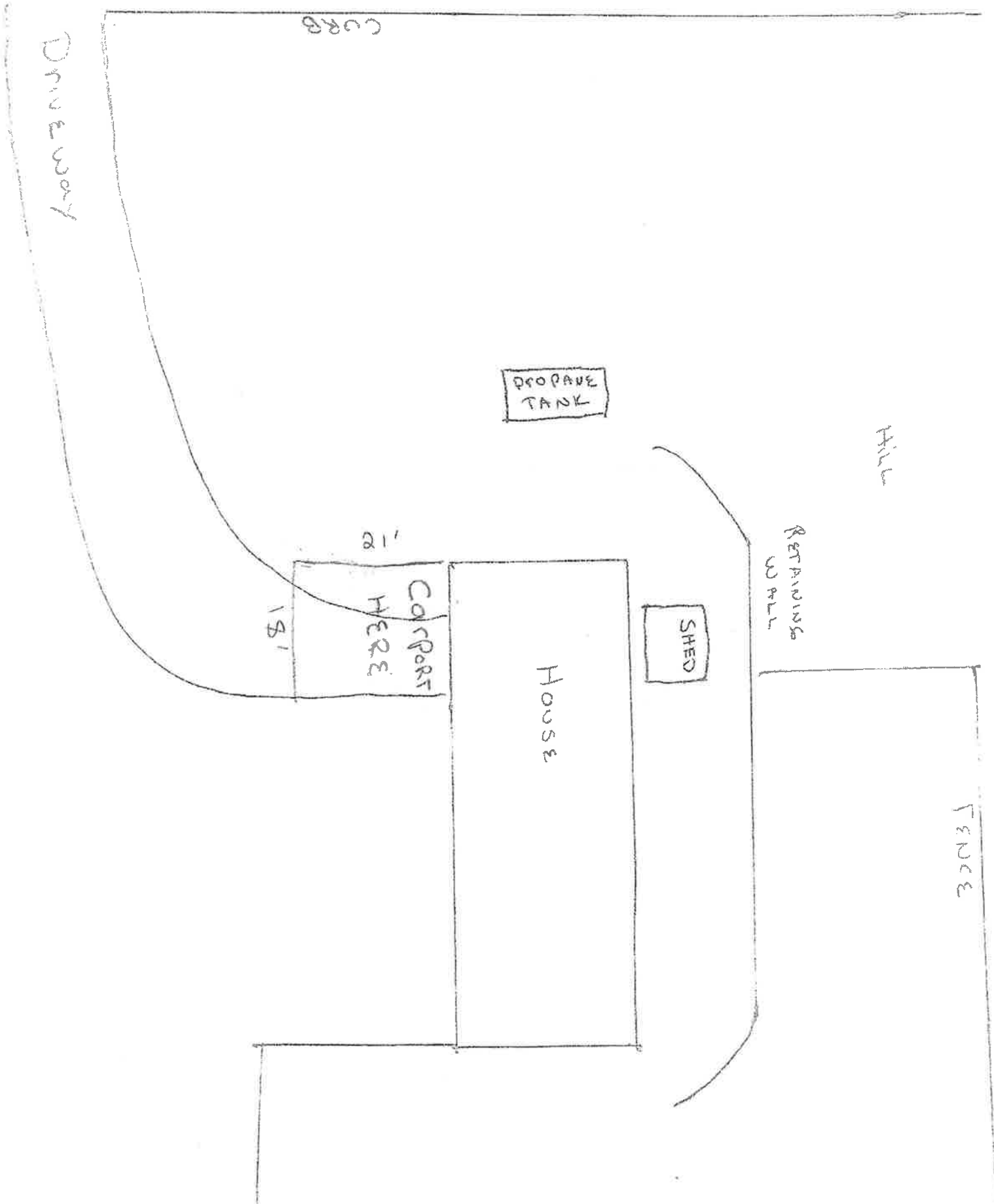
HOUSE

21'

CORNER HERE

18'

FENCE



STANDARD CARPORTS 12' - 24'

20 Year Limited* Warranty on 12 Gauge Units Framing



CA, NV

www.californiaallsteel.com



STD 5FT LEGS

Starting at **\$995**

FREE
Installation
On Your
Level Land

REGULAR STYLE

12X21	18X21	20X21	22X21	24X21
\$995	\$1,095	\$1,350	\$1,595	\$1,895

12X26	18X26	20X26	22X26	24X26
\$1,335	\$1,450	\$1,695	\$2,045	\$2,350

12X31	18X31	20X31	22X31	24X31
\$1,575	\$1,750	\$2,145	\$2,495	\$2,800

12X36	18X36	20X36	22X36	24X36
\$1,820	\$2,150	\$2,350	\$2,895	\$3,350

12X41	18X41	20X41	22X41	24X41
\$2,100	\$2,350	\$2,695	\$3,295	\$3,795

Colors



Can See updated color on web site

Now Including:
• 2 Ft Braces on all upright



STANDARD FEATURES INCLUDE:
14 Gauge Frame - 29g Roofing
(12g Frame Option On Back)
Bow 5 on center or less
Braces on All Center Bows,
Braces on All center For
Added Strength.

Also Available
Garages, Triple Wides,
Barns, Storage Units
60' Wide Available

Rebar Anchors Included



Concrete Anchors Included



BOXED EAVE STYLE

12X21	18X21	20X21	22X21	24X21
\$1,095	\$1,195	\$1,450	\$1,695	\$1,995

12X26	18X26	20X26	22X26	24X26
\$1,445	\$1,550	\$1,795	\$2,145	\$2,450

12X31	18X31	20X31	22X31	24X31
\$1,675	\$1,850	\$2,245	\$2,595	\$2,900

12X36	18X36	20X36	22X36	24X36
\$1,820	\$2,250	\$2,450	\$2,895	\$3,395

12X41	18X41	20X41	22X41	24X41
\$2,100	\$2,450	\$2,795	\$3,395	\$3,895



STD 6FT LEGS

Starting at **\$1,395**

VERTICAL ROOF STYLE

12X20	18X20	20X20	22X20	24X20
\$1,395	\$1,495	\$1,750	\$1,995	\$2,395

12X25	18X25	20X25	22X25	24X25
\$1,835	\$1,595	\$2,195	\$2,595	\$2,950

12X30	18X30	20X30	22X30	24X30
\$2,195	\$2,350	\$2,650	\$3,545	\$3,495

12X35	18X35	20X35	22X35	24X35
\$2,495	\$2,895	\$3,095	\$3,590	\$4,095

12X40	18X40	20X40	22X40	24X40
\$2,895	\$3,195	\$3,545	\$4,095	\$4,695



* Additional 45 Degree
Cut \$75 dlts for each one



29 Gauge Steel Roof and Siding



**Also available: Garages, Triple Wides,
Barns, Storage Units. 60' Wide Available**

Enginner Plans Available at additional Cost Call 1-844-800-5413 for more info.

WE ACCEPT



*2.5 Card Fee Apply

* All Prices subject to change without notice
* \$50 Fee on All returned Checks.

Note: Frame lengths are 20', 25', 30', etc. Horizontal Roofs Have 6" overhang front and back, optional vertical roofs have no overhang front or back.
12 GAUGE-20 YEAR LIMITED WARRANTY ON RUST THROUGH STEEL FRAMING ASSUMING NORMAL CARE AND MAINTENANCE.
Customers may incur extras fee if additional labor is required to install because of un-level surfaces or for building over obstacles. California All Steel, Inc. is not Responsible for stopping or repairing leaks under baserails.



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 to accept the bid from HPS for \$640,330 to build a new lift station for the wastewater plant.

Submitted by: David Aranda, General Manager

Meeting Date: December 18, 2018

Background: The Board of Directors approved a new lift station for the wastewater plant primarily due to the fact that the existing lift station is over forty years old and is not reliant. A spill of raw waste would be bad for business and cost the District a substantial amount of money.

Per the Government Code, the District went out to bid for the project. Bids were opened on November 15, 2018 at 11 am and three companies bid on the project. HPS at \$640,330, GSE at \$684,400 and WM Lyles at \$719,650.

The Board approved a loan from IBank for \$510,000 which staff is still working on obtaining (it has been approved but the paperwork is sizeable).

Because of the difference between the cost of the project and the loan, the District will need to utilize reserve money to cover the difference. With that said, the engineer and staff met with HPS and HPS is currently working on some suggestions that were given in the meeting to reduce the total cost by \$30,000-\$50,000.

Recommendation: Approve awarding the contract to HPS for a new wastewater lift station at \$640,330.

SECTION 00 41 43

BIDDER'S PROPOSAL
Revised Addendum No. 1

To the Stallion Springs Community Services District Board, (hereinafter the Owner):

The undersigned, as Bidder, declares that the only persons, or parties interested in this proposal as principals are those named herein, that this proposal is made without collusion with any other person, firm or corporation; that he has carefully examined the location of the proposed work, the annexed proposed form of contract, and the Plans therein referred to; and he proposes and agrees if this proposal is accepted, that he will contract with the Owner to provide all necessary machinery, tools, apparatus and other means of construction, and to do all the work and furnish all the materials specified in the contract in the manner and time therein prescribed, and according to the requirements of the Engineer as therein set forth, and that he will take in full payment therefor the following unit prices and/or lump sum set forth in the following schedule, to-wit:

If this proposal shall be accepted and the undersigned shall fail to contract, as aforesaid, and to give the two bonds in the sums to be determined as aforesaid, with surety satisfactory to the Owner, within ten (10) days not including Sundays and legal holidays, after the Bidder has received Notice of Award of the contract, the Owner, at its option, may determine that the Bidder has abandoned the contract, and thereupon this proposal and the acceptance thereof shall be null and void, and the forfeiture of such security accompanying this proposal shall operate and the same shall be the property of the Owner. Owner shall then be free to accept the bid of another bidder.

Reconstruction of Wastewater Pump Station for the lump sum price of (in words) Six hundred forty thousand three hundred thirty dollars. In

figures \$ 640,330.00

Inclusive in the above lump sum price are the following items with the corresponding lump sum item prices:

1. Submersible pumps (2) and appurtenances with pre-rotation basin for the lump sum price of (in words) Fifty five thousand seven hundred fifty dollars.

In figures \$ 55,750.00

2. Electrical panel and MCC, pump controller, level transducer, float switches, level controls, sump termination panel together with system integration for the lump sum price of (in words) Eighty thousand dollars.

In figures \$ 80,000.00.

The above lump sum price includes the provision for adequate sheeting, shoring and bracing or equipment method for the protection of life or limb, which shall conform too applicable safety orders.

Bidder agrees that in case of a discrepancy between the price stated in words and the price stated in figures, the words will prevail.

The representations made herein are made under the penalty of perjury.

The work is to be constructed in accordance with the Contract Documents annexed hereto.

The work to be done is shown on a set of Drawings, entitled: "Stallion Springs Community Services District Wastewater Pump Station Reconstruction", included in the Contract Documents.

In submitting this Bid, Bidder represents, as set forth in the Agreement, that:

Bidder has visited the Site and became familiar with and is satisfied as to the general, local, and site conditions that may affect cost, progress, and performance of the Work.

Bidder has examined and carefully studied the Contract Documents, the other related data identified in the Contract Documents and the following Addenda, receipt of all which is hereby acknowledged.

Addendum No.	Addendum Date
<u>1</u>	<u>11/7/18</u>
<u>2</u>	<u>11/14/18</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Bids are required for the entire work. Bids will be compared on the basis of the lump sum base bid. The project will be awarded to the lowest responsible responsive Bidder.

Accompanying this proposal is a Bid Security in the form of Cash, Certified Check or Bid Bond amount that equals at least ten percent (10%) of the total amount of the base bid.

BIDDER: HPS Mechanical, Inc.

The names of all persons interested in the foregoing proposals as principals are as follows:

IMPORTANT NOTICE: *If Bidder or other interested person is a corporation, state legal name of corporation, also names of the president, secretary, treasurer and manager thereof; if a co-partnership, state true name of firm, also names of all individual co-partners composing firm; if Bidder or other interested person is an individual, state first and last name in full.*

HPS Mechanical, Inc.

Leslie DenHerder, President

Susan DenHerder, Secretary

Scott DenHerder, Vice President

Licensed in accordance with an act providing for the registration of Contractors:

A, B, C2, C4, C10, C16, C20,
C34, C36, C42, C43, C46

Class _____ License No. 793014 Expiration date 03/31/2019

DIR Contractor Registration No. 1000001107

By  November 13, 2018
Signature of Bidder Dated

NOTE: If Bidder is a corporation, the legal name of the corporation shall be set forth above together with the seal and signature of the officer or officers authorized to sign contracts on behalf of the corporation; if Bidder is a co-partnership, the true name of the firm shall be set forth above together with the signature of the partner or partners authorized to sign contracts on behalf of the co-partnership; and if Bidder is an individual, his signature shall be placed above. If signature is by an agent, other than an officer of a corporation or member of a partnership, a Power of Attorney must be on file with the Owner prior to opening bids or submitted with the bid; otherwise, the bid will be disregarded as irregular and unauthorized.

BUSINESS ADDRESS: 3100 E. Belle Terrace, Bakersfield, CA 93307

MAILING ADDRESS: 3100 E. Belle Terrace, Bakersfield, CA 93307

BUSINESS PHONE: (661) 397-2121

CONTACT NAME: Scott DenHerder

CONTACT EMAIL: planroom@hpsmechanical.com

END OF SECTION

Memorandum

To: Stallion Springs Community Services District Board of Directors

From: Terry Schroeffer, PE

Subject: Wastewater Pump Station Reconstruction Recommendation for Award

Date: December 13, 2018

A bid opening for the Wastewater Pump Station Reconstruction Project was held at the Stallion Springs District office as scheduled at 11:00 AM on November 15, 2018. The project was advertised beginning the week of October 22 with a Notice to Contractors published in the Tehachapi News. The bid opening was attended by David Aranda, Interim GM, and Ed Gordon, President of the Board. Also attending were representatives of the bidders (3). Terry Schroeffer of W3i Engineering opened and read the bids aloud. Three bids were received as summarized in the attached bid summary.

HPS Mechanical, Inc. (HPS) of Bakersfield, California submitted the apparent low bid at \$640,330.00.

W3i Engineering has reviewed the bid submitted by HPS for conformity with the Contract Documents. HPS and its subcontractors are properly licensed and registered with the Department of Industrial Relations. The bid included all required information listed in the Instructions to Bidders, including references, affidavits and certifications.

Upon review, it is our opinion that the bid is both responsive and responsible. Therefore, should the District choose to award a contract for the construction of the Project, it is recommended that the District accept the bid from HPS Mechanical, Inc. and award a contract to for the amount of six-hundred forty thousand three hundred thirty dollars (\$640,330.00).

Upon Board approval, W3i Engineering will issue a Notice of Award to HPS. HPS will then have ten calendar days to execute and return the contract with the required bonds and insurance certificates. The Notice to Proceed will be issued thereafter based on a construction schedule mutually agreeable to the District and HPS.

Attachment:– Bid Summary

**Stallion Springs Community Services District
Wastewater Pump Station Reconstruction
Bid Summary
11/15/2018 11:00**

Bidder's Name	Lump Sum Bid	Submersible Pumps	Electrical Panel	Addenda Rec'd	Bid Bond	List of Subs	Qual. Statement	Non-Collusion Affidavit	Workers Comp Cert	PCC Sect 10162 Questionnaire
W. M. Lyles Company , Fresno, CA	\$ 719,650.00	\$ 59,500.00	\$ 110,400.00	✓	✓	✓	✓	✓	✓	✓
GSE Construction Company, Inc. Livermore , CA	\$ 684,400.00	\$ 60,000.00	\$ 86,000.00	✓	✓	✓	✓	✓	✓	✓
HPS Plumbing Services, Bakersfield, CA*	\$ 640,330.00	\$ 55,750.00	\$ 80,000.00	✓	✓	✓	✓	✓	✓	✓

* Apparent Low Bidder



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

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(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #11

Subject: Approval of listing of names authorizing Bank of the West, Bank of Sierra and Kern County financial transactions.

Submitted by: David Aranda, General Manager

Meeting Date: December 18, 2018

Background: With the change in regards to individuals serving the CSD Board of Directors, it is necessary to make changes so that the District has proper signatory ability.

The attached memo from Jenni Morris outlines our need.

Recommendation: A motion and a vote should be taken as outlined in the attached memo.

STALLION SPRINGS COMMUNITY

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

TO: BOARD OF DIRECTORS
FROM: JENNI MORRIS
DATE: DECEMBER 18TH
SUBJECT: SIGNATURE AUTHORIZATION

DIRECTION FOR MOTION:

PER THE BOARD OF DIRECTORS WE ARE APPROVING FOR AUTHORIZATION THE LIST OF DESIGNATED SIGNORS:

AUTHORIZED SIGNATURES:

DAVID ARANDA, GENERAL MANAGER
JENNI MORRIS FINANCIAL OFFICER

LIMITED TRANSACTIONS (SIGNOR'S ONLY) THE FOLLOWING:

HARRY (ED) GORDON, PRESIDENT OF THE BOARD
LESLIE WELLMAN, DIRECTOR
FRED ROWAN, DIRECTOR
BEN DEWELL, DIRECTOR
???????????, DIRECTOR



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

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AGENDA SUPPORTING INFORMATION

Agenda #12

Subject: Report on the sale of the property located at 16904 Bold Venture Dr. to Woodward.

Submitted by: David Aranda, General Manager

Meeting Date: December 18, 2018

Background: The District opened escrow with Woodward a number of months ago to sell the property that Woodward at 16904 Bold Venture that Woodward was very interested in purchasing.

The sale price for the property, which closed on December 7, 2018, was \$125,000. The District received a check for \$123,490.50 which reflected a portion of the escrow fees. There was some cost in legal fees in regard to overseeing the sale and lease.

Please note that the property now belongs to Woodward but the District is leasing the old firehouse which has CERT equipment inside for the next six months at \$1.00 per month. After the six months the fee increases to \$200 per month or the next six months.

It is imperative that CERT have another building within the next six months.



First American Title Company

5060 California Avenue, Suite 400 • Bakersfield, CA 93309

Office Phone:(661)617-1500 Office Fax:

Seller's Final Settlement Statement

Property Address:

16904 Bold Venture Drive,
Tehachapi, CA

File No: 1503-5742416

Officer: Tracy Jones/cy

Settlement Date:

Disbursement Date: 12/07/2018

Print Date: 12/07/2018, 1:58 PM

Buyer:

POWDR WOODWARD CA LLC

Address:

1794 Olympic Pkwy Suite 210, Park City , UT 84098

Seller:

The Stallion Springs Community Services District

Address:

ATTN; David Aranda, General Manager, 27800 Stallion Springs Drive, Tehachapi, CA

Charge Description	Seller Charge	Seller Credit
Consideration:		
Total Consideration		125,000.00
Title/Escrow Charges to:		
Escrow Fee to First American Title Company	500.00	
Notary/Signing Fee to First American Title Company	30.00	
ALTA Owners Policy Standard to First American Title Company	842.00	
County Documentary Transfer Tax	137.50	
+ legal fees !	Cash (X To) (From) Seller	
	123,490.50	
Totals	125,000.00	125,000.00



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

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AGENDA SUPPORTING INFORMATION

Agenda #13

Subject: Discussion and possible direction from the Board in regard to mandatory fines from the Water Board.

Submitted by: David Aranda, General Manager

Meeting Date: December 18, 2018

Background: The General Manager was informed of and received the attached information in regard to mandatory penalties that dated back to 2010 and 2011.

There are a few options in regard to receiving this notice and fine. The District can pay the \$15,000 and complete the fine process. The District can appeal the fine and ask for a reduction in the fines levied. This can be a problem because the Water Board can INCREASE the fine. A third option would be to ask the Water Board to apply the fine money toward the projects we are doing, i.e. the lift station and the jetting and infiltration work.

The timing of the fines from the Water Board is very concerning to me because the District is barely maintaining the wastewater operations financially considering the costs for all the improvements we are making.

Recommendation: Direct the General Manager to attempt to appeal to the Water Board to direct or credit the monies for the fines to go toward the projects the District is working on.



EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

Central Valley Regional Water Quality Control Board

3 December 2018

David Aranda
General Manager
Stallion Springs Community Services District
27800 Stallion Springs Drive
Tehachapi, CA 93561

CERTIFIED MAIL
7018 0040 0000 1911 9386

OFFER TO PARTICIPATE IN THE EXPEDITED PAYMENT PROGRAM RELATING TO ADMINISTRATIVE CIVIL LIABILITY R5-2018-0533 FOR ASSESSMENT OF MANDATORY MINIMUM PENALTIES, STALLION SPRINGS COMMUNITY SERVICES DISTRICT, STALLION SPRINGS WASTEWATER TREATMENT FACILITY, KERN COUNTY

The Stallion Springs Community Services District (Stallion Springs) discharges treated wastewater from the Stallion Springs Wastewater Treatment Facility (WWTP or Facility), which is regulated by Waste Discharge Requirements (WDRs) Order R5-2008-0091 (NPDES CA0080489), which remain in effect for enforcement purposes. This Offer to Participate in the Central Valley Regional Water Quality Control Board's (Central Valley Water Board's) Expedited Payment Program provides Stallion Springs with an opportunity to resolve mandatory minimum penalties for effluent violations without a formal administrative civil liability Complaint. The alleged mandatory minimum penalty, in the amount of **fifteen thousand dollars (\$15,000)**, represents the sum of accrued mandatory minimum penalties for effluent limitation violations specifically identified in the Record of Violations (Attachment A), attached hereto and incorporated herein by reference, as subject to mandatory minimum penalties that occurred between 1 August 2008 and 30 September 2018.

NOTICE OF VIOLATION AND DRAFT RECORD OF VIOLATION

Based on Stallion Springs' self-monitoring reports, the Central Valley Water Board Prosecution Team sent Stallion Springs a Notice of Violation and Draft Record of Violations (ROV) on 21 January 2014, notifying Stallion Springs of effluent limit violations, reporting violations, and corresponding violations of the California Water Code. The Central Valley Water Board Prosecution Team provided Stallion Springs with an opportunity to review and contest the violations listed in the Draft ROV. Following Stallion Springs' review of the Draft ROV, the Central Valley Water Board Prosecution Team confirmed that the violations listed in the ROV (Attachment A) are subject to mandatory minimum penalties.

STATUTORY LIABILITY

Water Code sections 13385(h) and (i) require the assessment of a mandatory minimum penalty of \$3,000 for each specified serious and chronic effluent limit violations. For purposes of Water Code section 13385(h), the failure to file a discharge monitoring report required pursuant to sections 13383 for each complete period of thirty (30) days following the deadline for submitting the report constitutes a serious violation subject to a mandatory minimum

penalty. Stallion Springs may also be subject to discretionary administrative civil liabilities pursuant to Water Code section 13385(c) of up to \$10,000 for each day in which the violation occurs, and \$10 for each gallon discharged but not cleaned up in excess of 1,000 gallons. These mandatory minimum penalties and discretionary administrative civil liabilities may be assessed by the Central Valley Water Board beginning with the date that the violations first occurred.¹ The formal enforcement action that the Central Valley Water Board uses to assess such liability is an administrative civil liability complaint, although the Central Valley Water Board may instead refer such matters to the Attorney General's Office for prosecution. If referred to the Attorney General for prosecution, the Superior Court may assess up to twenty-five thousand dollars (\$25,000) per violation. In addition, the Superior Court may assess up to twenty-five dollars (\$25) per gallon discharged but not cleaned up in excess of 1,000 gallons.

SETTLEMENT OFFER

Stallion Springs can avoid the issuance of a formal enforcement action and settle the alleged violations identified in the ROV (Attachment A) by participating in the Expedited Payment Program.

To promote resolution of these violations, the Central Valley Water Board Prosecution Team makes this Conditional Offer. The Central Valley Water Board's Prosecution Team proposes to resolve these violations without the issuance of a formal enforcement action through this Expedited Payment Letter assessing **fifteen thousand dollars (\$15,000)** in mandatory minimum penalties. If Stallion Springs accepts this proposal, subject to the conditions below, the Central Valley Water Board Prosecution Team will accept that payment in settlement of any enforcement action that would otherwise arise out of the violations identified in Attachment A. Accordingly, the Central Valley Water Board Prosecution Team will forego issuance of a formal administrative complaint, will not refer the violations to the Attorney General, and will waive its right to seek additional discretionary civil liabilities for the violations identified in the ROV. The Expedited Payment Program does not address or resolve liability for any violation that is not specifically identified in the ROV, regardless of the date that the violation occurred.

If Stallion Springs accepts this offer, please complete and return the enclosed "Acceptance of Conditional Resolution and Waiver of Right to Hearing; (proposed) Order" (Acceptance and Waiver) on or before **3 January 2019**. Upon receipt of the Acceptance and Waiver Form, this settlement will be publicly noticed for a 30-day comment period as required by federal regulations. If no substantive comments are received within the 30 days, then the Board will consider those effluent violations specifically listed in Attachment A to be resolved.

CONDITIONS FOR CENTRAL VALLEY WATER BOARD ACCEPTANCE OF RESOLUTION

Federal regulations require the Central Valley Water Board to publish and allow the public thirty (30) days to comment on any settlement of an enforcement action addressing NPDES permit violations (40 C.F.R. section 123.27(d)(2)(iii)). Upon receipt of Stallion Springs' Acceptance and Waiver, the Central Valley Water Board staff will publish a notice of the proposed resolution of the violations.

¹ Please note that there are no statutes of limitation that apply to administrative proceedings to assess mandatory minimum penalties. See *City of Oakland v. Public Employees' Retirement System*, (2002) 95 Cal.App.4th 29, 48; 3 Witkin, Cal. Procedure (4th ed. 1996) Actions, §405(2), p. 510.) Additionally, the State Water Resources Control Board had determined that the equitable doctrine of laches does not apply to mandatory minimum penalties. (State Water Board Order Nos. 2013-0053, 2013-0054, 2013-0055, 2013-0099.)

If no comments are received within the 30-day comment period, and unless there are new material facts that become available to the Central Valley Water Board, the Executive Officer will execute the Acceptance and Waiver as a stipulated order assessing the uncontested mandatory minimum penalty amount pursuant to Water Code sections 13385 and 13385.1. However, if significant comments are received in opposition to the settlement, this offer may be withdrawn. In that case, Stallion Springs' waiver pursuant to the Acceptance and Waiver will also be withdrawn and the violations will be addressed in an administrative civil liability hearing. At the hearing, Stallion Springs will be free to make arguments to any of the alleged violations, and Stallion Springs' prior agreement to accept this conditional offer will not in any way be binding or used as evidence against Stallion Springs. Stallion Springs will be provided with further information on the administrative civil liability hearing process.

In the event the Acceptance and Waiver is executed by the Executive Officer, full payment of the assessed amount shall be due within thirty (30) calendar days after the date the Acceptance and Waiver is executed. In accordance with California Water Code section 13385(n)(1) and California Water Code section 13385.1(c)(1), funds collected for violations of effluent limitations and reporting requirements pursuant to section 13385 and 13385.1 shall be deposited in the State Water Pollution Cleanup and Abatement Account. Accordingly, the **\$15,000** liability shall be paid by cashiers or certified check made out to the "State Water Pollution Cleanup and Abatement Account". Failure to pay the full penalty within the required time period may subject the Stallion Springs to further liability.

If you have any questions or comments regarding this Settlement Offer, please contact Dale Harvey at (559) 445-6190 or Dale.Harvey@waterboards.ca.gov.



CLAY RODGERS
Assistant Executive Officer

Enclosures (2): Record of Violations
Acceptance of Conditional Resolution and Waiver of Right to Hearing

cc w/o encl: Kenneth Greenberg, USEPA, Region 9, San Francisco
David Boyers, Office of Enforcement, SWRCB, Sacramento
Patrick Pulupa, Central Valley Water Board Advisory Team, Rancho Cordova
Jessica Jahr, Office of Chief Counsel, SWRCB, Sacramento
Adam Laputz, Central Valley Water Board Advisory Team, Sacramento
Kern County Environmental Health, Bakersfield

Offer to Participate in Expedited Payment Program
Relating to ACL R5-2018-0533

**ACCEPTANCE OF CONDITIONAL RESOLUTION
AND WAIVER OF RIGHT TO HEARING; (proposed) ORDER**

Stallion Springs Community Services District
Order No. R5-2008-0091
EPP Related to ACL R5-2018-0533

By signing below and returning this Acceptance of Conditional Resolution and Waiver of Right to Hearing (Acceptance and Waiver) to the Central Valley Regional Water Quality Control Board (Central Valley Water Board), the Stallion Springs Community Services District (Stallion Springs) hereby accepts the "Offer to Participate in Expedited Payment Program" and waives the right to a hearing before the Central Valley Water Board to dispute the allegations of violations described in the Record of Violations (ROV), which is attached hereto as Attachment A and incorporated herein by reference.

Stallion Springs agrees that the ROV shall serve as a complaint pursuant to Article 2.5 of the California Water Code and that no separate complaint is required for the Central Valley Water Board to assert jurisdiction over the alleged violations through its Chief Prosecutor. Stallion Springs agrees to pay the penalties required by California Water Code section 13385, in the sum of \$15,000 (Expedited Payment Amount), which shall be deemed payment in full of any civil liability pursuant to Water Code sections 13385 and 13385.1 that otherwise might be assessed for the violations described in the ROV. Stallion Springs understands that this Acceptance and Waiver waives its right to contest the allegations in the ROV and the amount of civil liability for such violations.

Stallion Springs understands that this Acceptance and Waiver does not address or resolve liability for any violation that is not specifically identified in the ROV.

Upon execution by Stallion Springs, the completed Acceptance and Waiver shall be returned to:

Dale Harvey
1685 E Street
Fresno, CA 93706
Phone: (559) 445-6190
Dale.Harvey@waterboards.ca.gov

Stallion Springs understands that federal regulations set forth at title 40, Code of Federal Regulations, section 123.27(d)(2)(iii) require the Central Valley Water Board to publish notice of and provide at least thirty (30) days for public comment on any proposed resolution of an enforcement action addressing NPDES permit violations. Accordingly, this Acceptance and Waiver, prior to execution by the Central Valley Water Board Executive Officer, will be published as required by law for public comment.

If no comments are received within the notice period that causes the Central Valley Water Board Executive Officer to question the Expedited Payment Amount, the Central Valley Water Board Executive Officer will execute the Acceptance and Waiver.

Stallion Springs understands that if significant comments are received in opposition to the Expedited Payment Amount, the offer on behalf of the Central Valley Water Board to resolve the violations set forth in the ROV may be withdrawn. In that circumstance, Stallion Springs will be advised of the withdrawal and an administrative civil liability complaint may be issued and the matter may be set for a hearing before the Central Valley Water Board. For such a liability hearing,

Offer to Participate in Expedited Payment Program
Relating to ACL R5-2018-0533

Stallion Springs understands that this Acceptance and Waiver executed by Stallion Springs will be treated as a settlement communication and will not be used as evidence in that hearing.

Stallion Springs further understands that once the Acceptance and Waiver is executed by the Central Valley Water Board Executive Officer, the full payment required by the deadline set forth below is a condition of this Acceptance and Waiver. In accordance with California Water Code section 13385(n)(1) and California Water Code section 13385.1(c)(1), funds collected for violations of effluent limitations and reporting requirements pursuant to sections 13385 and 13385.1 shall be deposited in the State Water Pollution Cleanup and Abatement Account. Accordingly, the **\$15,000** liability shall be paid by a cashiers or certified check made out to the "State Water Pollution Cleanup and Abatement Account". The payment must be submitted to the State Water Resources Control Board no later than **thirty (30) calendar days** after the date the Acceptance and Waiver is executed by the Central Valley Water Board Executive Officer.

Please mail the check to:

State Water Resources Control Board, Accounting Office
Attn: ACL 2018-0533 Payment
PO Box 1888
Sacramento, California, 95812-1888

I hereby affirm that I am duly authorized to act on behalf of and to bind Stallion Springs in the making and giving of this Acceptance and Waiver.

Stallion Springs Community Services District

By: _____
(Signed Name) (Date)

(Printed or Typed Name) (Title)

IT IS SO ORDERED PURSUANT TO CALIFORNIA WATER CODE SECTION 13385

By: _____
Patrick Pulupa
Executive Officer (Date)

**ATTACHMENT A TO SETTLEMENT OFFER NO. R5-2018-0533
Record of Violations Subject to Mandatory Minimum Penalty**

**STALLION SPRINGS COMMUNITY SERVICE DISTRICT
STALLION SPRINGS WWTF**

RECORD OF VIOLATIONS (1 August 2008 – 30 September 2018) MANDATORY PENALTIES
(Data reported under Monitoring and Reporting Program R5-2008-0091)

The following table lists the alleged violations subject to mandatory minimum penalties (MMPs), pursuant to Water Code section 13385(h) and (i).

Table A. Violations subject to Mandatory Penalties

	<u>Date</u>	<u>Parameter</u>	<u>Units</u>	<u>Limit</u>	<u>Measured</u>	<u>Period</u>	<u>Violation Type</u>	<u>MMP Type</u>	<u>CIWQS</u>
1	07/20/2010	Copper, Total	ug/L	10.3	15	Monthly Average	CAT 2	SIG	890750
2	10/11/2010	Copper, Total	ug/L	10.3	17	Monthly Average	CAT 2	SIG	888028
3	04/06/2011	Ammonia, Total (as N)	mg/L	1.5	5.7	Daily Maximum	CAT 1	SIG	900925
4	04/11/2011	Ammonia, Total (as N)	mg/L	1.5	6.7	Daily Maximum	CAT 1	SIG	900926
5	04/20/2011	Ammonia, Total (as N)	mg/L	1.5	7	Daily Maximum	CAT 1	SIG	900928

EXPEDITED PAYMENT AMOUNT VIOLATIONS SUMMARY

VIOLATIONS AS OF:	October 2018
Group I Serious Violations:	3
Group II Serious Violations:	2
Non-Serious Violations Not Subject to MMPs:	0
<u>Non-serious Violations Subject to MMPs:</u>	<u>0</u>
Total Violations Subject to MMPs:	5

Mandatory Minimum Penalty Amount for Effluent Limit Violations

5 Serious Violation(s) x \$3,000 Violation = \$15,000

0 Non-Serious Violation subject to MMP x \$3,000 per Violation = \$0

Total Expedited Mandatory Minimum Penalty = \$15,000

Table B. Definition

Abbreviation	Description
CAT 1	Violation of effluent limitation for Group I pollutant.
CAT 2	Violation of effluent limitation for Group II pollutant
CHRON	Chronic violation as defined by Water Code section 13385 (i). Any non-serious violation that falls within a 180-day period with three preceding violations. Thus, the fourth non-serious violation that occurs within a 180-day period is subject to MMPs.
CIWQS	California Integrated Water Quality System database. https://www.waterboards.ca.gov/water_issues/programs/ciwqs/
CTOX	Violation of chronic toxicity effluent limitation.
DREP	Deficient reporting violation. This will only result in MMPs if the report is so deficient as to make determination of compliance impossible for the reporting period.
LREP	Late Reporting violation. Every 30-Days a report is late counts as one serious late reporting violation subject to MMPs.
Measured	Reported value for the monitoring period by the Discharger.
MMP Type	Classification of the type of MMP violation.

ATTACHMENT A TO SETTLEMENT OFFER NO. R5-2018-0533
Record of Violations Subject to Mandatory Minimum Penalty

Table B. Definition

Abbreviation	Description
Occurrence Date	Date that a violation occurred. For averaging period limitation violations, such as weekly and monthly averages, the last day of the reporting period is used such as last day of the week (Saturday) and last day of the month, respectively.
OEV	Violation of any constituent-specific effluent limitation not included in Group I or Group II.
NCHRON	Non-serious violation falls within the first three violations in a 180-day period, thus, not subject to MMP.
SIG	Serious Violation: <ul style="list-style-type: none">▪ For Group I pollutants that exceed the effluent limitation by 40 percent or more.▪ For Group II pollutants that exceed the effluent limitation by 20 percent or more.



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 #14

- Subject:** Approval of Resolution No. 2018-20, a Resolution authorizing the execution and delivery of an installment sale agreement, and authorizing and directing certain actions in connection with the acquisition and construction of a well drilling project. And approval of the installment sale agreement.
- Submitted by:** David Aranda, General Manager
- Meeting Date:** December 18, 2018
- Background:** The District made an offer to Bornt for two parcels of property, an office building and the Well. The offer was accepted and so the District must borrow money in order to fund the purchase.
- The next agenda item will involve a discussion in regard to the reason behind the need to purchase the property and ideas in regard to use of the property.
- This agenda item is specifically the need to approve the Resolution so that the funding can be approved and available upon the close of escrow.
- Recommendation:** Approve Resolution No. 2018-20 & installment sale agreement authorizing the Board President to sign the agreement.

RESOLUTION NO. 2018-20

AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN CONNECTION WITH THE ACQUISITION AND CONSTRUCTION OF A WELL DRILLING PROJECT

WHEREAS, the Stallion Springs Community Services District (the "District") is a public agency 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 amount of \$2,000,000.00 for the acquisition and construction of a well drilling project (the "Project"); and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective ten year installment sale financing arrangement at a 3.70% interest rate and attached hereto as Exhibit A;

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

SECTION 1. Installment Sale Agreement. The President of the Board of Directors, the General Manager or a designee in writing is hereby authorized to enter into an Installment Sale Agreement (the "Installment Sale") with the Corporation to finance the Project, subject to approval as to form by the District's legal counsel.

SECTION 2. 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 of Directors, the General Manager or of such other person or persons as may have been designated by the President of the Board of Directors 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 Installment Sale.

SECTION 3. Authorization to Establish Project Fund. The Board of Directors hereby authorizes and directs the President of the Board, the General Manager or a designee in writing to make appropriate arrangements to establish a special fund into which the proceeds of the financing are deposited for the purpose of paying the costs of the Project.

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 Installment Sale. Such actions are hereby ratified, confirmed and approved.

SECTION 5. Qualified Tax-Exempt Obligations. The Installment Sale is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The District, together with all subordinate entities of the District, do not reasonably expect to issue during the calendar year in which the Installment Sale is issued more than \$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 6. Effect. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 18th day of December, 2018, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Approved:

President of the Board

Attest:

Secretary of the Board

Exhibit A

Payments: Annually in arrears

10 Years

3.70%

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1		\$242,913.15	\$168,913.15	74,000.00	
2		242,913.15	175,162.94	67,750.21	
3		242,913.15	181,643.97	61,269.18	
4		242,913.15	188,364.79	54,548.36	
5		242,913.15	195,334.29	47,578.86	1,112,392.48
6		242,913.15	202,561.66	40,351.49	905,779.58
7		242,913.15	210,056.44	32,856.71	691,522.02
8		242,913.15	217,828.53	25,084.62	469,336.91
9		242,913.15	225,888.18	17,024.97	238,930.97
10		242,913.15	234,246.05	8,667.10	0.00
TOTALS:		<u>\$2,429,131.50</u>	<u>\$2,000,000.00</u>	<u>\$429,131.50</u>	

SAMPLE ONLY
(PLEASE PREPARE ON COUNSEL'S LETTERHEAD
AND FORWARD 1 ORIGINAL TO ADDRESSEE)

MUNICIPAL FINANCE CORPORATION
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

RE: Installment Sale Agreement #18-017 dated as of December 5, 2018 by and between MUNICIPAL FINANCE CORPORATION, (the "Corporation") as seller, and STALLION SPRINGS COMMUNITY SERVICES DISTRICT (the "District") as purchaser

Ladies and Gentlemen:

I have acted as counsel to the District with respect to the Installment Sale Agreement described above (the "Agreement") and in this capacity have reviewed a copy of the executed Agreement and related documents or exhibits attached thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. The District is a political body and political subdivision 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 Agreement, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Agreement 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 creditor's rights.
4. A resolution authorizing the execution and delivery of the Agreement was duly and validly adopted by the governing body of the District on _____ and such resolution has not been amended or repealed and remains in full force and effect.

MUNICIPAL FINANCE CORPORATION

RE: Installment Sale Agreement #18-017 dated as of December 5, 2018 by and between MUNICIPAL FINANCE CORPORATION, (the "Corporation") as seller, and STALLION SPRINGS COMMUNITY SERVICES DISTRICT (the "District") as purchaser.

(Date)

Page 2

5. There is no litigation, action, suit or proceeding pending or, to the best of my knowledge after due inquiry, threatened before any court, administrative agency, arbitrator or governmental body that challenges the authority of the District to enter into the Agreement or the ability of the District to perform its obligations under the Agreement and the transactions contemplated thereby.

This opinion may be relied upon by Municipal Finance the Corporation, its successors and assigns.

Dated: _____ Very truly yours,

Please type name and title under signature.

DOCUMENTATION INSTRUCTIONS AND REFERENCE

The following documents represent the complete Installment Sale documentation package:

1. Installment Sale Agreement with Exhibits A & B
2. Assignment of Installment Sale and Acknowledgment of Assignment
3. Arbitrage and Tax Certificate
4. Certificate of the District
5. Incumbency and Signature Certificate

All of the above documents shall be executed with original signatures by the officer(s) authorized in the resolution.

In addition to the above documents, the following additional items are required:

- | | |
|----------------------|---|
| Resolution | Please send an original or certified copy of the resolution adopted by the governing body. |
| Legal Opinion | Please send a legal opinion like the sample provided. The legal opinion should be on the counsel's letterhead and bear an original signature. |
| Insurance | Please obtain insurance certificates in accordance with the insurance provisions of the Installment Sale Agreement. |
| 8038-G Form | Sign and date. MFC will file the form upon funding. |

INSTALLMENT SALE AGREEMENT #18-017

This Installment Sale Agreement dated December 5, 2018 (this "Agreement") is entered into by and between and Stallion Springs Community Services District, a political body duly organized under the laws of the State of California (the "District"), and Municipal Finance Corporation, a corporation duly organized under the laws of the State of California (the "Corporation");

WITNESSETH:

WHEREAS, the Corporation desires to sell the 2018 Project, as hereinafter defined, to the District, and the District desires to purchase the 2018 Project from the Corporation, subject to the terms and conditions of and for the purposes set forth in this Agreement; and

WHEREAS, the Corporation and the District are authorized under the Constitution and laws of the State of California to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS;
AUTHORIZATION OF PARTIES

Section 1.01. Definitions. The following terms will have meanings indicated below unless the context clearly requires otherwise:

Accountant's Report

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

Agreement

The term "Agreement" means this Installment Sale Agreement, dated as of December 5, 2018, by and between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Assignee

The term "Assignee" means City National Bank, its successors and assigns.

Closing Date

The term "Closing Date" means the date on which the Corporation deposits with the District the funds required to be deposited by Section 3.01 of this Agreement.

Contracts

The term "Contracts" means this Agreement and any amendments and supplements hereto, and all contracts, bonds and other obligations of the District authorized and executed by the District, the Installment Payments which are on a parity with the Series 2018 Installment Payments and which are secured by a pledge and lien on the Revenues.

Corporation

The term "Corporation" means Municipal Finance the Corporation, a California corporation.

Debt Service

The term "Debt Service" means, for any period of calculation, the maximum sum obtained for the current or any future Fiscal Year during the term of this Agreement by totaling the following amounts for such Fiscal Year:

(a) the aggregate amount of the Series 2018 Installment Payments coming due and payable in such Fiscal Year pursuant hereto;

(b) the principal amount of all outstanding Contracts (if any) coming due and payable by their terms in such Fiscal Year; and

(c) the amount of interest which would be due during such Fiscal Year on the aggregate principal amount of Contracts which would be outstanding in such Fiscal Year if such Contracts are retired as scheduled, but deducting and excluding from such aggregate amount the amount of any such Contracts already retired.

Default Rate

The term "Default Rate" means 6% per annum.

District

The term "District" means Stallion Springs Community Services District, a political body duly organized and existing under and by virtue of the laws of the State of California.

Event of Default

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

Event of Taxability

The term "Event of Taxability" means, with respect to this Agreement, (1) the application of the proceeds of this Agreement in such a manner that this Agreement becomes an "arbitrage bond" within the meaning of Code Sections 103(b)(2) and 148, and with the result that interest components of the Series 2018 Installment Payments are or become includable in the Assignee's gross income (as defined in Code Section 61); or (2) if as the result of any act, failure to act or use of the proceeds of this Agreement or any

misrepresentation or inaccuracy in any of the representations, warranties or covenants contained in this Agreement by the District or the enactment of any federal legislation or the promulgation of any federal rule or regulation after the date of this Agreement, the interest component of Series 2018 Installment Payments is or becomes includable in the Assignee's gross income (as defined in Code Section 61); and (3) the District does not undertake any remedial action afforded to it by the Internal Revenue Service.

Fiscal Year

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

Independent Certified Public Accountant

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

Installment Payment Date; Series 2018 Installment Payment Date

The term "Installment Payment Date" means any date on which Installment Payments are scheduled to be paid by the District under and pursuant to any Contract. The term "Series 2018 Installment Payment Date" means the date on which Installment Payments are scheduled to be paid by the District under and pursuant to this Agreement.

Installment Payments; Series 2018 Installment Payments

The term "Installment Payments" means the installment payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts. The term "Series 2018 Installment Payments" means the Installment Payments scheduled to be paid by the District under and pursuant to this Agreement.

Material Adverse Effect

The term "Material Adverse Effect" means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Agreement or to meet or perform its obligations under this Agreement on a timely basis, (c) the validity or enforceability of this Agreement, or (d) the exclusion of the interest component of the Series 2018 Installment Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

Net Proceeds

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

Net Revenues

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

Operation and Maintenance Costs

The term "Operation and Maintenance Costs" means costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of this Agreement or any resolution or indenture authorizing the issuance of any Contract; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature and all capital charges.

Project; 2018 Project

The term "Project" means any additions, betterments, extensions or improvements to the Water System designated by the Board of the District as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contract. The term "2018 Project" means the additions, betterments, extensions and improvements to the Water System described in Exhibit A hereto and as modified in conformance with Section 3.04 hereof.

Purchase Price

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

Revenue Fund

The term "Revenue Fund" means the Water Fund of the District being maintained in accordance with Section 5.02 hereof.

Revenues

The term "Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership and operation of the Water System, including, without limiting the generality of the foregoing, (1) all income, rents, rates, fees, charges and other moneys derived by the District from the delivery of water or other services or facilities provided in the conduct and operation of the business of the Water System, (2) the proceeds of any stand-by or water availability charges, development fees and connection charges collected by the District, or (3) the earnings on and income derived from the investment of amounts described in clauses (1) and (2) above and from Water Fund reserves, but excluding (a) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have

become the property of the District and (b) any proceeds of taxes or assessments restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued.

Water Service

The term "Water Service" means the water supply service made available or provided by the Water System.

Water System

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

Section 1.02. Exhibits. The following Exhibits are attached to, and by reference made a part of, this Agreement:

- EXHIBIT A DESCRIPTION OF 2018 PROJECT
- EXHIBIT B SCHEDULE OF SERIES 2018 INSTALLMENT PAYMENTS

Section 1.03. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Agreement and has taken all actions necessary to authorize the execution of this Agreement by the officers and persons signing it, and that the transactions contemplated in this Agreement are in the ordinary course of business for both parties.

ARTICLE II

REPRESENTATIONS AND WARRANTIES
OF DISTRICT AND CORPORATION

Section 2.01. Representations and Warranties of the District. The District represents and warrants, for the benefit of the Corporation and Assignee, as follows:

- (a) The District is a political body, duly organized and existing under and by virtue of the laws of the State of California.
- (b) The District is authorized under the Constitution and laws of the State of California to enter into this Agreement, and to enter into the transactions contemplated and to carry out its obligations hereunder.
- (c) The District has been duly authorized to execute and deliver this Agreement under the terms and provisions of the resolution of its governing body, or by other appropriate official approval, and further represents and warrants that all requirements have been met, and proceedings have been taken in order to ensure the enforceability of this Agreement, and the District has or will comply with such public bidding requirements as may be applicable to this Agreement and the acquisition by the District of the Project hereunder.

(d) Neither the execution and delivery of this Agreement or the related documents or exhibits attached hereto nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing.

(e) The District is in compliance with the terms and covenants contained in this Agreement, and there is no Event of Default occurring under this Agreement.

(f) The District is empowered to set rates and charges for water provided to the users of the Water System without review of any local governmental agency.

(g) The 2018 Project will have a useful life in the hands of the District that is in excess of the term of this Agreement.

Section 2.02. Representations and Warranties of the Corporation. The Corporation represents and warrants to the District as follows:

(a) The Corporation is a corporation duly organized, existing and in good standing under and by virtue of the laws of the State of California; has power to enter into this Agreement; is possessed of full power to own and hold real and personal property, and to purchase and sell the same; is in a solvent financial condition as of the date hereof; and has duly authorized the execution and delivery of this Agreement.

(b) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing.

ARTICLE III

ACQUISITION AND CONSTRUCTION OF THE 2018 PROJECT

Section 3.01. Acquisition of the 2018 Project; Deposit of Moneys. On the Closing Date the Corporation shall deposit the sum of \$2,000,000.00 to a special account established by the District (the "Project Fund"), which the District shall expend for the purpose of financing the acquisition of the 2018 Project. The District shall invest proceeds in the Project Fund in investments authorized by California law and the District's investment policy. Any unexpended proceeds in the Project Fund upon the acquisition and improvement of the 2018 Project shall be applied by the District towards the payment of Installment Payments.

The Corporation hereby appoints the District as its agent to carry out all phases of the acquisition, construction and installation of the 2018 Project and the District hereby accepts such appointment. The District shall enter into contracts and provide for, as agent for the Corporation, the complete acquisition of the 2018 Project. The District hereby agrees that it will cause the acquisition of the 2018 Project to be diligently performed. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2018 Project and that all

such costs and expenses shall be paid by the District, regardless of whether the funds deposited with the District are sufficient to cover all such costs and expenses.

Section 3.02. Sale of 2018 Project. The Corporation agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Corporation, the 2018 Project at the purchase price specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

Section 3.03. Title. All right, title and interest in the 2018 Project shall vest in the District immediately upon the acquisition and construction thereof. Such vesting shall occur without further action by the Corporation or the District and the Corporation shall, if requested by the District or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

Section 3.04. Changes to the 2018 Project. The District may substitute other improvements for those listed as components of the 2018 Project in Exhibit A hereto, but only if the District first files with the Corporation a statement of the District:

(a) identifying the improvements to be substituted and the improvements to the District facilities they replace in the 2018 Project; and

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

Section 3.05. Disclaimer of Warranties. The CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OF THE 2018 PROJECT OR ANY PART THEREOF, OR AS TO THE FITNESS FOR ANY PARTICULAR USE OF THE 2018 PROJECT OR ANY PART THEREOF OR AS TO THE FITNESS OF THE 2018 PROJECT FOR THE USE CONTEMPLATED BY THE DISTRICT OR ANY PART THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT THERETO. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A CONTRACTOR OF THE 2018 PROJECT, THAT THE DISTRICT PURCHASES THE 2018 PROJECT "AS-IS", IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. IN NO EVENT SHALL THE CORPORATION BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE ACQUISITION, CONSTRUCTION, EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF ANY ITEM OR PRODUCTS OR SERVICES PROVIDED FOR IN THIS AGREEMENT. THE DISTRICT ACKNOWLEDGES THAT IT IS SOLELY RESPONSIBLE FOR DETERMINING THE SUITABILITY OF THE 2018 PROJECT FOR ITS INTENDED USE.

ARTICLE IV

PURCHASE PRICE AND SERIES 2018 INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

(a) The Purchase Price to be paid by the District hereunder to the Corporation is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of

such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

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

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

Section 4.02. Series 2018 Installment Payments. The District shall, subject to its rights of prepayment provided in Article VII, pay the Assignee the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2018 Installment Payment Dates as set forth in Exhibit B hereto.

Each Series 2018 Installment Payment shall be paid to the Assignee in lawful money of the United States of America. In the event the District fails to make any of the Series 2018 Installment Payments required to be made by it under this section when due, such payment shall continue as an obligation of the District until such amount shall have been fully paid and the District agrees to pay the same with interest accruing thereon at the Default Rate then applicable to the remaining unpaid principal balance of the Series 2018 Installment Payments.

The obligation of the District to make the Series 2018 Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2018 Installment Payments required to be made by it under this section when due, whether or not the Water System, the 2018 Project or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2018 Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.01. Pledge of Net Revenues. All Net Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Series 2018 Installment Payments as provided herein and the Net Revenues shall not be used for any other purpose while any of the Series 2018 Installment Payments remain unpaid; provided that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. In accordance with Section 5451 of Title 1, Chapter 5.5 of the California Government Code, this pledge shall constitute a first and exclusive lien on Net Revenues, subject to application of amounts on deposit therein as permitted herein, the Revenue Fund and the other funds and accounts created hereunder for the payment of the Series 2018 Installment Payments and all other Contracts in accordance with the terms hereof.

Section 5.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in

trust hereunder and shall be deposited when and as received in the Water Fund of the District, which fund is herein referred to as the "Revenue Fund" and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Series 2018 Installment Payments remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in this Agreement.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. All remaining moneys in the Revenue Fund shall be used to pay the Installment Payments on each Installment Payment Date; provided, however, on each Installment Payment Date moneys on deposit in the Revenue Fund not necessary to pay Operation and Maintenance Costs and the Installment Payments due on each Installment Payment Date, may be expended by the District at any time for any purpose permitted by law.

Section 5.03. Additional Contracts. The District may at any time execute any Contract in accordance herewith; provided:

(1) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption of the Board of Directors of the District of the resolution authorizing the execution of such Contract, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant of such calculation on file with the District, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year; and

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract, including adjustments to give effect to increases or decreases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or independent financial advisor on such calculation on file with the District, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued had such Contract been executed at the beginning of such Fiscal Year; and

(3) The estimated Net Revenues for then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest date of operation of any uncompleted Project, as evidenced by a certificate on file with the District, plus (after giving effect to the completion of all uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed in the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate on file with the District, shall produce a sum equal to at least one hundred fifteen percent (115%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects, assuming that all such Contracts have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed for the purpose of acquiring and constructing any of such uncompleted Projects.

Section 5.04. Investments. All moneys held by the District in the Revenue Fund shall be invested in investments authorized by law for the investment of the District's funds and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with this Agreement and Ancillary Agreements. The District will punctually pay the Series 2018 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2018 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

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

Section 6.03. Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which impairs the operation of the Water System or any part thereof necessary to secure adequate Revenues for the payment of the Series 2018 Installment Payments, or which would otherwise impair the rights of the Corporation hereunder or the operation of the Water System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Series 2018 Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Water System to a third party if such portion is immediately repurchased by the District and if such arrangement does not by its terms permit such third party to exercise any remedy which would deprive the District of or otherwise interfere with the District's right to own and operate such portion of the Water System.

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

Section 6.05. Tax Covenants.

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Series 2018 Installment Payments to become includable in gross income for federal income tax purposes.

(b) Private Activity. The District shall assure that the proceeds of this Agreement are not so used as to cause this Agreement to satisfy the private business tests of Section 141(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or the private loan financing test of Section 141(c) of the Code.

(c) Arbitrage. The District will not take any action or omit to take any action which action or omission, if reasonably expected on the date of this Agreement, would have caused this Agreement to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(d) Federal Guarantee. The Series 2018 Installment Payments are not directly guaranteed or indirectly guaranteed in whole or in part by the United States or any agency or instrumentality of the United States so as to cause the Series 2018 Installment Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Reimbursement Regulations. The proceeds of this Agreement used for reimbursement of prior expenditures will be made pursuant to and in compliance with Income Tax Regulations Section 1.150-2.

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

(g) Bank Qualified. The District hereby designates this Agreement for purposes of paragraph (3) of Section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Agreement, has been or will be issued by the District, including all subordinate entities of the District, during calendar year 2018.

(h) Miscellaneous. The District will take no action inconsistent with its expectations stated in the Arbitrage and Tax Certificate and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.06. Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire and construct the 2018 Project, as agent of the Corporation, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

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

Section 6.08. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Series 2018 Installment Payments or which might impair the security of the Series 2018 Installment Payments.

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

Section 6.10. Insurance.

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

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

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2018 Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Contracts in the same proportion which the aggregate unpaid principal balance of Series 2018 Installment Payments then bears to the aggregate unpaid principal amount of such Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced hereby prior to the final due date of the Series 2018 Installment Payments as well as the entire obligations evidenced by Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the prepayment of Series 2018 Installment Payments as provided in Article VII and to the retirement of such Contracts.

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

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

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

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

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

(b) The District will prepare and file with the Corporation and the Assignee annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2018) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

Section 6.12. Protection of Security and Rights of the Corporation. The District will preserve and protect the security granted herein and the rights of the Corporation to the Series 2018 Installment Payments hereunder and will warrant and defend such rights against all claims and demand of all persons.

Section 6.13. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System, or any part thereof or upon the revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental body relative to the operation of the Water System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.14. Amount of Rates and Charges. The District shall fix, prescribe and collect rates and charges for the Water System which are sufficient to yield during each Fiscal Year Net Revenues which, together with the existing cash and cash-equivalent balances in the Revenue Fund as of the beginning of such Fiscal Year, are at least equal to one hundred fifteen per cent (115%) of the Debt Service for such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section.

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

Section 6.16. Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the District files with the Corporation a certificate showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Water System proposed to be acquired and constructed by the District from such Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the District, on the basis of such certificate filed with the Corporation, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of Series 2018 Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Contracts in the same proportion which the aggregate unpaid principal balance of Series 2018 Installment Payments then bears to the aggregate unpaid principal amount of such Contracts.

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

Section 6.18. Notification of Material Adverse Effect. The District shall timely inform the Assignee of any Material Adverse Effect upon learning of the existence of such an effect.

ARTICLE VII

PREPAYMENT OF SERIES 2018 INSTALLMENT PAYMENTS

Section 7.01. Prepayment.(a) The District may or shall, as the case may be, prepay from the Net Proceeds as provided herein the Series 2018 Installment Payments in whole or in part on any date in the order of payment date as directed by the District at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The District may prepay the Series 2018 Installment Payments in whole on any Series 2018 Installment Payment Date at a prepayment price equal to 102.5% of the principal amount of the Series 2018 Installment Payments to be prepaid.

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

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Corporation describing such event and

specifying the date on which the prepayment will be paid, which date shall be not less than sixty (60) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen, that is to say--

(1) if default shall be made by the District in the due and punctual payment of any Series 2018 Installment Payment or any Contract when and as the same shall become due and payable;

(2) if default shall be made by the District in the performance of any of the other agreements or covenants required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Corporation; or

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

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

(5) an Event of Taxability has occurred.

then and in each and every such case during the continuance of such Event of Default specified in clauses (3) and (4) above, the Corporation shall, and for any other such Event of Default the Corporation may, by notice in writing to the District, declare the entire principal amount of the unpaid Series 2018 Installment Payments and the accrued interest thereon at the Default Rate to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This Section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2018 Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the District shall deposit with the Corporation a sum sufficient to pay the unpaid principal amount of the Series 2018 Installment Payments or the unpaid payment of any other Contract referred to in clause (1) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2018 Installment Payments or such Contract if paid in accordance with their terms, and the reasonable expenses of the Corporation, and any and all other defaults known to the Corporation (other than in the payment of the entire principal amount of the unpaid Series 2018 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Corporation or provision deemed by the Corporation to be adequate shall have been made therefor, then and in every such case the Corporation, by

written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

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

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Corporation if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

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

Third, to the payment of the entire principal amount of the unpaid Series 2018 Installment Payments and the unpaid principal amount of all Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2018 Installment Payments and such Contracts if paid in accordance with their respective terms.

Section 8.03. Other Remedies of the Corporation. The Corporation shall have the right --

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

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

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

Notwithstanding anything contained herein, the Corporation shall have no security interest in or mortgage on the 2018 Project or the Water System and no default hereunder shall result in the loss of the 2018 Project or the Water System.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2018 Installment Payments to the Corporation at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

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

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

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

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

Section 8.06. Assignee to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article VIII have been assigned by the Corporation to the Assignee and shall be exercised solely by the Assignee.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01. Discharge of Obligations. When

(a) all or any portion of the Series 2018 Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2018 Installment Payments shall have been filed with the Corporation; and

(b) there shall have been deposited with an escrow agent at or prior to the Series 2018 Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Corporation or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2018 Installment Payments, sufficient moneys and non-callable securities issued by Treasury Department of the United States of America, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Series 2018 Installment Payments to their respective Series 2018 Installment Payment Dates or prepayment date or dates, as the case may be; and

(c) if an opinion of bond counsel acceptable to the Corporation is filed with the Corporation to the effect that the actions authorized by and taken pursuant to this Article IX shall not adversely affect the tax exempt status of the interest portion of the Series 2018 Installment Payments, the right, title and interest of the Corporation herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2018 Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the obligation of the District to have such moneys and such permitted investments described in paragraph (b) above applied to the payment of such Series 2018 Installment Payments). In such event, upon request of the District the Corporation shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be.

ARTICLE X

MISCELLANEOUS

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

The obligation of the District to make the Series 2018 Installment Payments is a special obligation of the District payable solely from the Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.02. Benefits of this Agreement Limited to Parties. Subject to Sections 10.03 and 10.07, nothing contained herein, expressed or implied, is intended to give to any person other than the District or the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Corporation shall be for the sole and exclusive benefit of the other party.

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

Section 10.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2018 Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

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

Section 10.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Corporation hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision,

sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.07. Assignment. This Agreement and the rights hereunder have been assigned by the Corporation to the Assignee. The Assignee may assign this Agreement, as a whole or in part, at any time upon filing with the District an assignment or notice of assignment. No such assignment shall be effective as against the District unless and until the Assignee shall have filed with the District a copy of such assignment or written notice thereof. The District shall pay all Series 2018 Installment Payments hereunder pursuant to the direction of the Assignee or the assignee named in the most recent assignment or notice of assignment filed with the District. During the term of this Agreement, the District shall keep a complete and accurate record of all such assignments or notices of assignment.

Section 10.08. Net Contract. This Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Series 2018 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

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

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

If to the District: Stallion Springs Community Services District
27800 Stallion Springs Drive
Stallion Springs, CA 93561
Attention: General Manager

If to the Corporation: Municipal Finance the Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: President

If to the Assignee: City National Bank
555 South Flower Street, 24th Floor
Los Angeles, CA 90071
Attention: Credit Management

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

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

Section 10.13. Indemnification of the Corporation and the Assignee. The District hereby agrees to indemnify and hold harmless the Corporation and the Assignee if and to the extent permitted by law from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder, the ownership of any item of the Water System, the use, operation, condition, purchase, possession of the Water System, or an accident or damage to property or injury or death to any person resulting therefrom; provided that no indemnification will be made for gross negligence or willful misconduct or the breach of an obligation hereunder.

Section 10.12. Amendments Permitted. This Agreement and the rights and obligations of the Corporation and the District may be modified or amended at any time by an amendment hereto which shall become binding with the written consent of the Corporation, the District and the Assignee.

IN WITNESS WHEREOF, the Corporation and the District have caused their authorized officers to execute this Agreement as of the date first written above.

CORPORATION:

MUNICIPAL FINANCE CORPORATION

By: _____

Title: _____

DISTRICT:

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

By: _____

Title: _____

EXHIBIT A
DESCRIPTION OF PROJECT

Acquisition of and improvements to real property for water well

EXHIBIT B

SCHEDULE OF SERIES 2018 INSTALLMENT PAYMENTS

ASSIGNMENT OF INSTALLMENT SALE #18-017

FOR VALUE RECEIVED, MUNICIPAL FINANCE CORPORATION (the "Corporation") as assignor without recourse does hereby sell, assign, and transfer to CITY NATIONAL BANK (the "Assignee") its right, title and interest in and to the attached Installment Sale Agreement #18-017 dated as of December 5, 2018 between the Corporation and STALLION SPRINGS COMMUNITY SERVICES DISTRICT (the "District") (hereinafter said Installment Sale Agreement and any supplements, amendments, additions thereof and any extension or renewals thereof is referred to as the "Agreement") and (ii) all moneys, sums and amounts now due or hereinafter to become due under the Agreement.

The Corporation represents and warrants that it has made no prior sale or assignment of any interest covered hereby; that the Agreement is genuine and in all respects is what it purports to be; that the Assignee shall not be liable for and does not assume responsibility for the performance of any of the covenants, agreements, or obligations specified in the Agreement to be kept, paid or performed by the Corporation with exception of the Assignee's obligation to issue notices upon the District's default of the Agreement. The Corporation further represents and warrants that as of the date this Assignment is made, the Agreement is in full force and effect, has not been amended except as set forth in instrument delivered to the Assignee and the District is not in default of any terms thereunder,

The Corporation hereby constitutes and irrevocably appoints the Assignee the true and lawful attorney of the Corporation to demand, receive and endorse payments and to give receipts, releases and satisfactions either in the name of the Assignee or in the name of the Corporation in the same manner and with the same effect as the Corporation could do if this Assignment of Installment Sale had not been made.

This Assignment of Installment Sale shall be construed and governed in accordance with the laws of the State of California. Any provision of this Assignment of Installment Sale found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment of Installment Sale.

This Assignment of Installment Sale shall be binding upon and inure to the benefit of the parties and their respective successors and assigns and is made in accordance with the Municipal Lease Placement Agreement dated as of January 1, 1999, as amended, entered into between the Corporation and the Assignee. In the case of litigation, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including attorneys' fees which may be the allocable cost of in-house counsel, incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions, or provisions hereof.

IN WITNESS WHEREOF, the Corporation has caused this Assignment of Installment Sale to be executed by its duly authorized agent on the date specified below.

MUNICIPAL FINANCE CORPORATION

By: _____

Title: _____

Date: _____

ACKNOWLEDGEMENT OF ASSIGNMENT

The undersigned hereby acknowledges the assignment by MUNICIPAL FINANCE CORPORATION over to CITY NATIONAL BANK of that certain Installment Sale Agreement #18-017 dated as of December 5, 2018 (the "Agreement"), entered into between MUNICIPAL FINANCE CORPORATION as seller and the undersigned as purchaser.

With respect to the Agreement, the undersigned agrees to pay, commencing with the first scheduled Installment Payment, all Installment Payments and moneys due or to become due under the Agreement to CITY NATIONAL BANK, 831 South Douglas Street, Suite 100, El Segundo, CA 90245 and further agrees it shall have no counterclaim or offset against Installment Payments due thereunder as to said Assignee and expressly further agrees that said Assignee shall not (except for the obligations specifically set forth in the foregoing Assignment of Installment Sale) be liable for any of the obligations or burdens of the seller under the Agreement.

IN WITNESS WHEREOF, the District has caused this Acknowledgment of Assignment to be executed by its authorized agent on the date specified below.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

By: _____

Title: _____

Date: _____

ARBITRAGE AND TAX CERTIFICATE #18-017

The undersigned hereby certifies that he/she is a duly appointed authorized agent of the STALLION SPRINGS COMMUNITY SERVICES DISTRICT (the "District") for the purpose of executing and delivering, on behalf of the District, the Installment Sale Agreement #18-017 dated December 5, 2018 (the "Agreement"), by and between MUNICIPAL FINANCE CORPORATION (the "Corporation ") as seller and the District as purchaser. This Certificate is being issued pursuant to Section 148 of the Internal Revenue Code of 1986 (the "Code"), and Treasury Regulations, Sections 1.148-1 through 1.148-11 promulgated thereunder (the "Regulations"). The following facts, estimates and circumstances are in existence on the date of this Arbitrage and Tax Certificate or are reasonably expected to occur hereafter.

1. Under the Agreement, the Corporation is required to acquire and construct the property described in the Agreement (the "Project"), and to sell the 2018 Project to the District; and the District is required to purchase the 2018 Project from the Corporation by making Installment Payments with respect thereto, comprising principal and interest, on the dates and in the amounts set forth in the Agreement.

2. On the date of issuance of the Agreement, the District will receive not less than \$2,000,000.00 from the Corporation. Such moneys will be deposited with the District and used, together with interest earnings thereon, to pay the 2018 Project costs.

3. The District on behalf of the Corporation, will proceed to acquire and construct the 2018 Project with due diligence and, based upon the provisions of the purchase contracts, delivery and acceptance of the 2018 Project is scheduled to occur on or before December 5, 2019 but in no case later than three years from the issuance of the Agreement.

4. The original proceeds of the Agreement plus the interest earned thereon, will not exceed by more than 5% the amount necessary for the governmental purpose for which the Agreement is issued.

5. No sinking fund, reserve fund or replacement fund will be maintained for the payment of the Installment Payments due under the Agreement.

6. The 2018 Project has not been, and is not expected during the term of the Agreement, to be sold or otherwise disposed of by the District.

7. The District and its subordinate entities (as defined in the Code) will not, in the aggregate, issue more than \$5,000,000 of tax-exempt obligations during calendar year 2018 and, thus, qualifies for the arbitrage rebate exemption provided for in Section 148(f)(4)(D) of the Code.

8. To the best of the knowledge and belief of the undersigned, the expectations of the District, as set forth above, are reasonable; and there are no present facts, estimates and circumstances which would change the foregoing expectations.

IN WITNESS WHEREOF, the party hereto has caused its authorized agent to execute this Arbitrage and Tax Certificate on the date specified below.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

By _____

Title _____

Date _____

CERTIFICATE OF DISTRICT

The undersigned, duly authorized representative of Stallion Springs Community Services District (the "District"), as purchaser, under that Installment Sale Agreement #18-017 dated as of December 5, 2018 (the "Agreement") with Municipal Finance Corporation, as seller, hereby certifies as follows:

- 1. I hold the position noted below and have been duly authorized to execute and deliver, on behalf of the District, the Agreement and related documents pursuant to a resolution adopted by the District's governing body, an original or certified copy of which is attached hereto.

Name of Authorized Representative (Print or Type)

Title (Print or Type)

- 2. The District has complied with all agreements and covenants and satisfied all conditions contemplated by the Agreement on its part to be performed or satisfied on or before the date hereof.
- 3. The representations, warranties and covenants of the District contained in the Agreement are true and correct in all material respects as of the date hereof, as if made on this date.
- 4. No litigation is pending or, to the best of my knowledge, threatened (either in state or federal courts) (a) to restrain or enjoin the issuance and delivery of the Agreement or the collection of revenues to be used to meet the District's obligations under the Agreement; (b) in any way contesting or affecting the District for the execution or delivery of the Agreement, or the validity of the Agreement; (c) in any way contesting the existence or powers of the District, as such existence or powers in any way relate to the issuance of the Agreement or the District's obligations under the Agreement, or (d) could materially adversely affect the financial position of the District.
- 5. The 2018 Project being purchased pursuant to the Agreement is essential to the function of the District and is immediately needed by the District. Such need is neither temporary nor expected to diminish during the term of the Agreement. The 2018 Project is expected to be used by the District for a period in excess of the term of the Agreement.
- 6. The District's federal tax identification number is _____.

The meaning of the capitalized terms in this Certificate are the same as those provided in the Agreement.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

By: _____

Date: _____

INCUMBENCY AND SIGNATURE CERTIFICATE

I do hereby certify that I am the duly appointed and acting Secretary of the Board of the Stallion Springs Community Services District, a political body validly existing under the Constitution and laws of the State of California (the "District"), and that, as of the date hereof, the individual named below is the duly appointed officer of the District holding the office set forth opposite his/her respective name. I further certify that (i) the signature set forth opposite his/her respective name and title is true and authentic and (ii) such officer has the authority on behalf of the District to enter into that certain Installment Sale Agreement #18-017 dated December 5, 2018, by and between the District and Municipal Finance the Corporation and all documents related thereto.

Name

Title

Signature

IN WITNESS WHEREOF, I have duly executed this certificate this _____ day
of _____, 2018.

Secretary of the Board