

INSTALLMENT SALE AGREEMENT

Dated as of July 12, 2018

by and between

**CITY OF FORT BRAGG JOINT POWERS FINANCING AUTHORITY,
as Seller**

and the

**CITY OF FORT BRAGG,
as Purchaser**

For

**\$5,000,000
City of Fort Bragg
Certificates of Participation
(2018 Wastewater System Improvement Project)**

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INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT (this “Agreement” or “Installment Sale Agreement”), dated as of July 12, 2018, by and between the CITY OF FORT BRAGG JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California, as seller (the “Authority”), and the CITY OF FORT BRAGG, a municipal corporation and general law city organized and existing under the laws of the State of California, as purchaser (the “City”);

WITNESSETH:

WHEREAS, the City wishes to finance the construction of certain improvements to its wastewater system (the “Enterprise”) as more particularly described in Exhibit A hereto (the “Project”);

WHEREAS, the Authority has been formed for the purpose, among others, of assisting the City in the financing of capital improvements; and

WHEREAS, to that end, the Authority will cause the execution and delivery of certificates of participation in the principal amount of \$5,000,000 (the “Certificates”), under a Trust Agreement dated as of July 12, 2018 (the “Trust Agreement”), by and among the Authority, the City and the Finance Director of the City of Fort Bragg, as trust administrator (the “Trust Administrator”), and apply the proceeds of the sale thereof to the acquisition and construction of the Project; and

WHEREAS, the City has determined to purchase the Project from the Authority pursuant to this Installment Sale Agreement; and

WHEREAS, the City will make installment payments pursuant to this Installment Sale Agreement (the “Installment Payments”) from the Net Revenues (as defined herein) of the Enterprise in order to purchase the Project from the Authority; and

WHEREAS, the Installment Payments shall be secured by the Net Revenues of the Enterprise on a parity with the installment payments payable under the Installment Purchase Agreement, by and between the City of Fort Bragg and Association of Bay Area Governments, dated as of May 1, 1998 (the “1998 Agreement”); and

WHEREAS, under the Trust Agreement, the Authority will assign its right to receive Installment Payments to the Trust Administrator for the benefit of the Owner (as defined herein) of the Certificate; and

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

ARTICLE I

GENERAL

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in Exhibit A attached to the Trust Agreement shall, for all purposes of this Installment Sale Agreement, have the meanings specified therein.

Section 1.02. Representations, Covenants and Warranties. The City and the Authority represent, covenant and warrant to each other as follows:

- (a) Each is validly organized and existing under the laws of the State.
- (b) The laws of the State authorize each to enter into this Installment Sale Agreement and the Trust Agreement and to enter into the transactions contemplated by and to carry out its obligations under each of the aforesaid agreements, and the each has duly authorized and executed such agreements.
- (c) The execution and delivery of this Installment Sale Agreement, the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, and the consummation of the transactions contemplated by this Installment Sale Agreement and the Trust Agreement do not conflict with and do not result in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which each is now a party or by which each is bound or constitutes a default under any of such agreement or instrument.
- (d) Each has authorized and executed this Installment Sale Agreement in accordance with the laws of the State.
- (e) The City represents that the Project has not been the subject of a previous conveyance by the City.
- (f) The City represents that, other than the 1998 Installment Payments, which are on parity with the Installment Payments, it has not issued or incurred any obligations payable out of the Gross Revenues or the Net Revenues.

Section 1.03. Written Certificates.

(a) **Contents.** Every certificate provided for in this Installment Sale Agreement with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; (d) a statement of the assumptions upon which such certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

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

Section 1.04. Exhibits. The following Exhibits are attached to, and by this reference are made a part of, this Installment Sale Agreement:

Exhibit A: Project Description
Exhibit B: Installment Payments Schedule

ARTICLE II

DEPOSITS; PAYMENTS ; CONSTRUCTION

Section 2.01. Deposit of Moneys. The Authority shall cause to be deposited with the Trust Administrator, for deposit in the funds as provided in the Trust Agreement, the amounts derived from the Certificate proceeds (\$5,000,000) in the installments as and when disbursed by the Original Purchaser.

Section 2.02. Payment of Construction Costs and Delivery Costs. Payment of the Construction Costs and Delivery Costs shall be made from the moneys deposited with the Trust Administrator in the Construction Fund, which shall be disbursed for such purpose in accordance and upon compliance with Sections 3.02 and 3.03, respectively, of the Trust Agreement. The City hereby covenants to pay necessary Construction Costs and Delivery Costs in excess of amounts available from Certificate proceeds from any legally available source of funds.

Section 2.03. Unexpended Proceeds. In accordance with Section 3.04 of the Trust Agreement, all excess moneys remaining in the Construction Fund and not required for payment of Construction Costs shall be transferred to the Installment Payment Fund and applied to the prepayment of Certificates.

Section 2.04. Construction of Project. The Authority hereby appoints the City as its agent to acquire and construct the Project.

ARTICLE III

PROJECT SALE AND TITLE; INSTALLMENT PAYMENTS; NET REVENUES

Section 3.01. Sale. The Authority hereby sells, bargains and conveys the Project to the City, and the City hereby purchases the Project from the Authority upon the terms and conditions set forth in this Installment Sale Agreement.

Section 3.02. Title. The City and the Authority agree that title to the Project, and each component thereof, shall be deemed conveyed to and vested in the City upon the completion of the acquisition, construction and installation thereof. The Authority and its officers shall take all actions necessary to vest in the City all of the Authority's rights in and title to the Project.

Section 3.03. Assignment by the Authority. The Authority's right, title and interest in this Installment Sale Agreement, including the right to receive and enforce payment of the Installment Payments to be made by the City under this Installment Sale Agreement, have been assigned to the Trust Administrator, subject to certain exceptions, pursuant to the Trust Agreement.

The City understands and agrees that the Authority has assigned its right, title and interest (but not its duties or obligations) in this Installment Sale Agreement to the Trust Administrator pursuant to the Trust Agreement for the benefit of the Owners and the City assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay to the Trust Administrator at the Trust Administrator's principal corporate trust office or at such other place as the Trust Administrator may direct in writing, all payments payable by the City pursuant to this Installment Sale Agreement.

Section 3.04. Term of the Installment Sale Agreement. The Term of the Installment Sale Agreement shall be as defined in Exhibit A to the Trust Agreement, unless sooner terminated.

Section 3.05. Installment Payments.

(a) Obligation to Pay. The City agrees to pay to the Authority, its successors and assigns, as the purchase price of the Project, the Installment Payments, consisting of components of principal and interest, on the Installment Payment Dates and in the amounts specified in Exhibit B hereto, except such amounts shall be reduced by moneys on deposit in the Installment Payment Fund and credited to the payment of Installment Payments next due. The Installment Payments shall be payable solely from Net Revenues as hereinafter provided.

(b) Reduction Upon Partial Prepayment. If the City prepays less than all of the remaining principal components of the Installment Payments pursuant to Sections 4.02 and 4.03 hereof, the amount of such prepayment shall be applied (1) first to any interest owing but unpaid at the time of the prepayment, and (2) second to reduce the principal component of the subsequent remaining Installment Payments in any manner as directed by the City in a Written Certificate and the interest component of each subsequent remaining Installment Payment shall be reduced by the aggregate

corresponding amount of interest that would otherwise be payable with respect to the Certificate redeemed as a result of such prepayment.

(c) Rate on Overdue Payments. If the City should fail to make any of the payments required in this Section 3.05 so that there are insufficient moneys on hand in the Installment Payment Fund to pay any Installment Payment in full on an Installment Payment Date, the Installment Payment in default shall continue as an obligation of the City until the amount in default is fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable with respect to the Certificate.

Section 3.06. Special Obligation of the City.

(a) Limitations. The City's obligation to pay the Installment Payments shall be a special obligation limited solely to Net Revenues. Under no circumstances shall the City be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of the City be liable for the payment of the Installment Payments.

(b) Obligations Unconditional. The obligations of the City to make the Installment Payments from Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the City, the Authority or the Trust Administrator of any obligation to the City or otherwise with respect to the Project, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the Trust Administrator.

(c) Obligations Specified. Until such time as all of the Installment Payments are fully paid or prepaid, the City:

(i) will not suspend, abate, or discontinue any payments provided for in Section 3.05 hereof;

(ii) will perform and observe all other agreements contained in this Installment Sale Agreement; and

(iii) will not terminate the Term of the Installment Sale Agreement for any cause, including, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Authority or the Trust Administrator to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Installment Sale Agreement.

(d) Authority Obligations. Nothing contained in this Section 3.06 shall be construed to release the Authority from the performance of any of the agreements on its

part herein contained, and if the Authority fails to perform any such agreements on its part, the City may institute such action against the Authority as the City may deem necessary to compel performance so long as such action does not abrogate the obligations of the City contained in Section 3.06(b) above. The City may, however, at the City's own cost and expense and in the City's own name or in the name of the Authority prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect the City's right of possession, occupancy and use hereunder, and in such event the Authority hereby agrees to cooperate fully with the City and to take such action necessary to effect the substitution of the City for the Authority in such action or proceeding if the City so requests.

Section 3.07. Pledge of Net Revenues; Transfer to Pay Installment Payments; Release from Lien.

(a) Pledge of Net Revenues. The City hereby agrees that the payment of the Installment Payments shall be secured by a pledge, charge and lien upon Net Revenues on a parity with the pledge which secures all outstanding Parity Obligations, and Net Revenues sufficient to pay the Installment Payments as they become due and payable are hereby pledged, charged, assigned, transferred and set over by the City to the Authority and its assigns for the purpose of securing payment of the Installment Payments. The Net Revenues shall constitute a trust fund for the security and payment of the Installment Payments.

The Installment Payments and all Parity Obligations are equally secured by a pledge, charge and lien upon the Net Revenues and such moneys without preference or priority for series, issue, number or date and the payment of the interest on and principal of the Installment Payments shall be and are secured by said pledge, charge and lien upon the Net Revenues and such moneys.

(b) Transfer to Pay Installment Payments. The City has previously established the Wastewater Enterprise Fund (referred to in the 1998 Agreement as the "System Revenue Fund"), which it will continue to hold and maintain for the purposes and uses set forth herein. The City shall deposit all Gross Revenues in the Wastewater Enterprise Fund promptly upon the receipt thereof. In addition to withdrawals required to pay principal of and interest on the Parity Obligations, the City shall, on or before each Installment Payment Date, withdraw Net Revenues on deposit in the Wastewater Enterprise Fund and transfer to the Trust Administrator for deposit into the Installment Payment Fund the amount indicated in Exhibit B attached hereto as required for the next occurring Installment Payment Date. Notwithstanding Exhibit B attached hereto, the City shall be obligated to make Installment Payments sufficient to pay all principal and interest then-due with respect to the Certificates.

(c) Release from Lien. Following the transfer described in paragraph (b) of this Section 3.07 with respect to each October 1 Installment Payment Date, Net Revenues on deposit in the Wastewater Enterprise Fund in excess of amounts required for the payment of the Installment Payments and any Parity Obligations, and for the replenishment of the Reserve Fund in that Fiscal Year, shall be released from the lien of this Installment Sale Agreement and shall be available for any lawful purpose of the City.

Section 3.08. Rate Covenant; Rate Stabilization Fund.

(a) Rate Covenant. The City hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the Enterprise which, after allowances for contingencies and error in the estimates, will produce Net Revenues equal to at least 1.10 times the aggregate of the following:

(i) the Installment Payments coming due and payable during such Fiscal Year,

(ii) all payments required with respect to Parity Obligations during such Fiscal Year, if any,

(iii) amounts required to replenish the Reserve Fund, as required by Section 6.06 of the Trust Agreement, and

(iv) amounts required to replenish any reserve fund required by any Parity Obligation, if any.

(b) Rate Stabilization Fund. There is hereby created a separate fund to be known as the "Rate Stabilization Fund", to be held and maintained by the City. The Rate Stabilization Fund is not pledged to secure payment of the Installment Payments. Amounts in the Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (b). The City shall have the right to deposit into the Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) 120 days following the end of such Fiscal Year.

For the purpose of computing the amount of Net Revenues for any Fiscal Year for purposes of the preceding subsection (a), the City shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund for purposes of such computation, such transfers to be made until (but not after) 120 days after the end of such Fiscal Year. In addition, the City shall be permitted to withdraw amounts on deposit in the Rate Stabilization Fund for any other lawful purpose.

Section 3.09. Limitations on Future Obligations Secured by Net Revenues.

(a) No Obligations Superior to Installment Payments. In order to protect further the availability of the Net Revenues and the security for the Installment Payments and any Parity Obligations, the City hereby agrees that the City shall not, so long as any Certificates are outstanding, issue or incur any obligations payable from Gross Revenues or Net Revenues superior to the Installment Payments or such Parity Obligations.

(b) Parity Obligations. The City further covenants that, except for obligations issued or incurred to prepay the Installment Payments in full pursuant to Section 4.02 hereof, the City shall not issue or incur any Parity Obligations unless all of the following conditions are met:

(i) The City may not be in default under the terms of this Installment Sale Agreement.

(ii) Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent 12-month period selected by the City ending not more than 60 days prior to the adoption of the resolution pursuant to which instrument such Parity Obligations are issued or incurred, as shown by the books of the City, plus the estimated amount of the increase in the Net Revenues for the first full 12-month period in which the proposed additions to or improvements or extensions of the Enterprise to be funded by such Parity Obligation will be in operation, as shown by an opinion of an independent recognized consulting engineer, equals at least 1.10 times the sum of the average annual Installment Payments, average annual debt service on all outstanding Parity Obligations outstanding at the time the additional parity obligations are issued or incurred, and average annual debt service on all additional Parity Obligations proposed to be issued or incurred. Either or both of the following items may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (b)(ii):

(A) An allowance for revenues from any additions to or improvements or extensions of the Enterprise to be constructed with the proceeds of such Parity Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been constructed from moneys from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 70% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period following closing of the proposed Parity Obligations, all as shown by the certificates or opinion of a qualified independent consultant employed by the City.

(B) An allowance for earnings arising from any increase in the charges made for service from the Enterprise that has become effective prior to the incurring of such Parity Obligations but which, during all or any part of such Fiscal Year, was not in effect, in an amount equal to 100% of the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year and any period prior to the incurring of such Parity Obligations, as shown by the certificates or opinion of a qualified independent engineer employed by the City.

Section 3.10. Additional Payments. In addition to the Installment Payments, the City shall pay, from Net Revenues, when due all costs and expenses incurred by the Authority or Trust Administrator to comply with the provisions of the Trust Agreement and this Installment Sale Agreement, including, without limitation all Delivery Costs, compensation due to the Trust Administrator for its fees, costs and expenses incurred under the Trust Agreement, and all costs and expenses of attorneys, auditors, engineers and accountants.

Section 3.11. Payments to Reserve Fund. In addition to the Installment Payments, the City shall pay to the Trust Administrator, from Net Revenues,

(a) on a monthly basis, \$1,549.17 per month, until a total of \$185,900 (the "Reserve Requirement") has been accumulated, and

(b) such amounts as may be required to replenish the Reserve Fund if a draw therefrom or a valuation thereof determines that a deficiency exists therein, all in accordance with Section 6.06 of the Trust Agreement;

provided, however, that if the amount on deposit in the Reserve Fund reaches the Reserve Requirement, the City shall discontinue the payments to the Reserve Fund (except to the extent necessary to replenish the Reserve Fund), and any further interest earnings on the Reserve Fund shall be allocated under Section 8.03 of the Trust Agreement.

Section 3.12. Payments to Depreciation Reserve. In order to comply with the requirements of the Letter of Conditions dated August 24, 2017 issued by the Government in connection with its purchase of the Certificates, the City shall establish and maintain a separate fund (the "Depreciation Reserve") as a depreciation reserve for short-lived assets of the Enterprise.

The District shall deposit a total of \$65,333 into the Depreciation Reserve not later than the first anniversary following the date the Project is completed and shall maintain such amount in the Depreciation Reserve for as long as any of the Certificates remain outstanding.

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

Notwithstanding the foregoing, before each October 1 the City shall evaluate the status and condition of short-lived assets of the Enterprise and, if such evaluation suggests that a lesser or greater deposit is required in order to provide for the timely replacement of any short-lived assets, the City may decrease the amount of the annual deposit into the Depreciation Reserve if a lesser amount is indicated, but shall increase the amount of the annual deposit into the Depreciation Reserve if a greater amount is indicated.

Earnings and gains resulting from investment of the Depreciation Reserve will be retained in the Depreciation Reserve and used for the purposes thereof.

Upon the redemption in full of all outstanding Certificates, the City shall close the Depreciation Reserve and the balance therein shall be released to the City and used for any legally permissible purpose of the Enterprise.

ARTICLE IV

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 4.01. Prepayment. The City shall have the right to prepay the Installment Payments, but only in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

Section 4.02. Optional Prepayment. Subject to the terms and conditions of this Section 4.02, the Authority hereby grants an option to City to prepay the Installment Payments in full, by paying the total unpaid principal component of the Installment Payments as set forth in Exhibit B, or in part, but not in an amount of less than the Denomination Amount or any integral multiple thereof, without premium or penalty.

The City may exercise this option on any date following written notice by the City to the Authority and the Trust Administrator of the exercise of such option at least 45 days prior to the date designated for prepayment.

In order to prepay the Installment Payments in full, the City shall deposit with the Trust Administrator, no later than the applicable prepayment date, (i) cash in an amount sufficient to pay the total unpaid principal component of such Installment Payments as set forth in Exhibit B, (ii) any Installment Payments then due but unpaid, and (iii) accrued interest to the prepayment date.

In order to prepay the Installment Payments in part, the City shall deposit with the Trust Administrator, no later than the applicable prepayment date, (i) an amount divisible by the Denomination Amount equal to the amount desired to be prepaid, (ii) any Installment Payments then due but unpaid, and (iii) accrued interest on the amount to be prepaid to the prepayment date.

Any partial prepayment shall be applied by the Authority or its assignee against Installment Payments in such order as directed by the City and consistent with Section 4.02 of the Trust Agreement, and the City shall prepare (or cause to be prepared) and provide to the Trust Administrator a revised schedule of Installment Payments reflecting such partial prepayment.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the City. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the City debt shall, after payment of interest, be applied to the installments last to become due under this Agreement and shall not affect the obligation of the City to pay the remaining installments as scheduled in the security instruments.

Section 4.03. Mandatory Prepayment From Net Proceeds of Insurance or Condemnation and from Unexpended Proceeds. The City shall be obligated to prepay the Installment Payments in whole or in part on any Installment Payment Date from and to the extent of

(a) any Net Proceeds of any insurance or condemnation award theretofore deposited in the Installment Payment Fund for such purpose pursuant to Section 5.07 hereof or pursuant to Section 7.02 of the Trust Agreement; and

(b) from any excess monies remaining in the Construction Fund and not required for payment of Construction Costs ("Unexpended Proceeds").

The City and the Authority hereby agree that such Net Proceeds and Unexpended Proceeds shall be credited towards the City's obligations under this Section 4.03. Except in the case of such prepayment of the Installment Payments in full, such payment shall be in addition to the Installment Payment required to be paid by the City on such date. Prepayment of Certificates pursuant to this Section shall be applied against the final unpaid principal installment of the Certificates.

Section 4.04. Credit for Amounts on Deposit. If the City elects or is required to prepay the Installment Payments in full under this Article IV, such that the Trust Agreement will be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Installment Payment Fund, the Construction Fund or the Reserve Fund shall be credited towards the amounts required to be so prepaid.

Section 4.05. Security Deposit. Notwithstanding any other provision hereof, the City may on any date secure the payment of Installment Payments, in whole or in part, by irrevocably depositing with the Trust Administrator an amount of cash which, together with other available amounts, is either (a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, when due hereunder, or (b) invested in whole or in part in non-callable Defeasance Obligations in such amount as will, in the report of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Installment Payments when due hereunder (including when due on any optional prepayment date pursuant to Section 4.02), as the City instructs at the time of said deposit. If the City makes a security deposit under this Section for the payment of all remaining Installment Payments, all obligations of the City hereunder, and the pledge of Net Revenues and all other security provided by this Installment Sale Agreement for said obligations, will cease and terminate, excepting only the obligation of the City to make, or cause to be made, all Installment Payments from such security deposit. A security deposit constitutes a special fund for the payment of such Installment Payments in accordance with the provisions hereof. Upon such deposit, the Authority will execute or cause to be executed any and all documents as may be necessary to release the security provided hereby to the extent of such deposit.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.01. Maintenance, Taxes and Assessments, Contests.

(a) **Operation.** The City covenants to operate the Enterprise in an efficient and economical manner and operate, maintain and preserve the Enterprise in good

repair and working order in accordance with customary standards and practices applicable to similar facilities

(b) Taxes and Assessments. The City shall also pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or the City or levied, assessed or charged against the Enterprise or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of the Installment Sale Agreement as and when the same become due. The City shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by the Authority, its successors or assigns, unless such tax is made in lieu of or as a substitute for any real estate or other tax upon property.

(c) Contest. The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items, or the Project or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 5.02. Modification of Project. The City may, at its own expense, remodel the Project or make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Project and be subject to the provisions of this Installment Sale Agreement and shall be the prior written consent of the Original Purchaser. Such additions, modifications and improvements shall not in any way damage the Project or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Project, upon completion of any additions, modifications and improvements made pursuant to this Section 5.02, shall be of a value which is not substantially less than the value of the Project immediately prior to the making of such additions, modifications and improvements.

Section 5.03. Installation of City's Equipment. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Project. All such items shall remain the sole property of the City, in which neither the Authority nor the Trust Administrator shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Project resulting from the installation, modification or removal of any such items. Nothing in this Installment Sale Agreement shall prevent the City from purchasing items to be installed pursuant to this Section 5.03 under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof.

Section 5.04. Public Liability and Property Damage Insurance.

(a) Insurance Policies. The City shall maintain or cause to be maintained, throughout the Term of the Installment Sale Agreement, insurance policies, including a

standard comprehensive general insurance policy or policies in protection of the City, its members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Enterprise. Such policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and in each accident or event, and in a minimum amount of \$250,000 (subject to a deductible clause of not to exceed \$200,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$2,500,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, and may be maintained in the form of insurance maintained through a nonprofit public benefit corporation created for such purpose or in the form of self-insurance by the City.

(b) Self-Insurance. If the City maintains self-insurance, it shall supply to the Trust Administrator a statement of sufficiency by an independent insurance consultant or the City's risk manager on an annual basis as described in Section 5.06 hereof.

(c) Application of Net Proceeds. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.05. Fire and Extended Coverage Insurance.

(a) Insurance Policies. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Installment Sale Agreement, insurance against loss or damage to any structures constituting any part of the Enterprise (excluding transmission and distribution pipelines and equipment in public and private rights-of-way) by fire and lightning, with extended coverage insurance but not including earthquake insurance. Such insurance shall be in an amount equal to the greater of 100% of the replacement cost of the Project or the then Outstanding principal amount of Certificates. Such insurance may be subject to a deductible clause of not to exceed ten percent of said replacement cost for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the City, and may be maintained in the form of insurance maintained through a nonprofit public benefit corporation created for such purpose or in the form of self-insurance by the City.

(b) Self-Insurance. If the City maintains self-insurance, it will supply to the Trust Administrator a statement of sufficiency by an independent insurance consultant or the City's risk manager on an annual basis as described in Section 5.06 hereof.

(c) Application of Net Proceeds. Net Proceeds of such insurance shall be applied as provided in Section 5.07 hereof.

Section 5.06. Insurance Net Proceeds; Form of Policies. The insurance required by Sections 5.04 and 5.05 above shall provide that all proceeds thereunder shall be payable to the Trust Administrator for the benefit of the Certificate Owners. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Installment Sale Agreement. All such policies shall provide that the Authority and the Trust Administrator are

named as additional insureds and that the Trust Administrator shall be given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trust Administrator shall not be responsible for the sufficiency of any insurance herein required or for the obtaining of such insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City. The City shall cause to be delivered to the Trust Administrator annually, no later than the end of each Fiscal Year, a Written Certificate signed by a City Representative stating that the City is in compliance with Sections 5.04 and 5.05 of this Agreement. The Trust Administrator may conclusively rely on such certificate.

Section 5.07. Application of Net Proceeds.

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Project by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trust Administrator promptly upon receipt thereof and, if the City Representative notifies the Trust Administrator in writing of the City's determination that the replacement, repair, restoration, modification or improvement of the Project is not economically feasible or in the best interest of the City, then such Net Proceeds shall be promptly transferred by the Trust Administrator to the Installment Payment Fund to be applied as provided in Section 4.03 hereof.

All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Project by the City, upon receipt of a requisition, signed by the City Representative and, so long as all of the Outstanding Certificates are held by the Original Purchaser, the Owner of the Certificate stating with respect to each payment to be made

(i) the requisition number,

(ii) the name and address of the person, firm or corporation to whom payment is due,

(iii) the amount to be paid and

(iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation.

Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Installment Payment Fund. The City covenants that it will commence such replacement, repair, restoration, modification or improvement or indicate that such replacement, repair, restoration, modification or improvement is not economically feasible within 180 days of receipt of such Net Proceeds.

(b) From Eminent Domain Award. The Net Proceeds of any eminent domain award shall be deposited in the Insurance and Condemnation Fund to be held and applied by the Trust Administrator pursuant to Section 7.02 of the Trust Agreement.

Section 5.08 Advances. If the City fails to perform any of its obligations under this Article V, the Authority may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as soon as possible, with interest at the rate of interest with respect to the Certificate from the date of the advance to the date of repayment.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS; INDEMNITY

Section 6.01. Disclaimer of Warranties. The Authority makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City for the Project or any item thereof, or any other representation or warranty with respect to the Project or any item thereof. In no event shall the Authority be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Installment Sale Agreement or the Trust Agreement for the existence, furnishing, functioning or City's use of the Project.

Section 6.02. Access to the Project and Records. To the extent permitted by law, the City agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have the right at all reasonable times to enter upon and to examine and inspect the Project. The City further agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have such rights of access to the Project as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by the City to perform its obligations hereunder. In addition, the City agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have the right at all reasonable times to inspect and examine all books, papers and records of the Authority and the City pertaining to the Project and the Certificate, to make copies thereof and to take non-privileged memoranda therefrom or with respect thereto as may be desired.

Section 6.03. Indemnity. The City shall and hereby agrees to indemnify and save the Authority and its successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of:

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

(b) any breach or default on the part of the City in the performance of any of its obligations under this Installment Sale Agreement;

(c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Project;

(d) any act or negligence of any assignee or sublessee of the City with respect to the Project; or

(e) the construction of the Project or the authorization of payment of the Construction Costs or Delivery Costs by the City or the Authority.

No indemnification is made under this Section 6.03, or elsewhere in this Installment Sale Agreement for willful misconduct, negligence, or breach of duty under this Installment Sale Agreement by the Authority, its officers, agents, employees, successors or assigns.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default Defined. The following shall be “events of default” under this Installment Sale Agreement and the terms “events of default” and “default” shall mean, whenever they are used in this Installment Sale Agreement, any one or more of the following events:

(a) Failure by the City to pay any Installment Payment by the Installment Payment Date or failure to make any other payment required to be paid hereunder at the time specified herein; or

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Installment Sale Agreement or the Trust Agreement, other than as referred to in clause (a) of this Section 7.01, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority, the Trust Administrator or the Owners of not less than 25% in aggregate principal amount of Certificate then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority, the Trust Administrator or such Owners, as applicable, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(c) The filing by the City of 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 the approval by a court of competent jurisdiction of a petition filed with or without the consent of the City 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, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property; or

(d) An event of default occurs and is continuing with respect to any Parity Obligations.

Section 7.02. Remedies on Default. Whenever any event of default referred to in Section 7.01 hereof shall have happened and be continuing, the Authority shall have the right, at its option and without any further demand or notice, to:

(a) declare all principal components of the unpaid Installment Payments, together with accrued interest at the rate or rates specified in the respective Outstanding Certificate from the immediately preceding Installment Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall become due and payable; and

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of the Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Installment Sale Agreement.

Section 7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 7.04. Prosecution and Defense of Suits. The City shall promptly, upon request of the Authority or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify or cause to be indemnified the Authority and its assignee for all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

To the extent permitted by law, the City shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against the Authority or its assignee upon any claim arising out of the receipt, application or disbursement of any of the Net Revenues or involving the rights or duties of the Authority or its assignee under this Installment Sale Agreement or the Trust Agreement; provided, that the Authority and its assignee at their election may appear in and defend any such suit, action or proceeding. The City shall indemnify or cause to be indemnified the Authority and its assignee against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though all Installment Payments have been fully paid and satisfied, until a date which is three years following the payment of the last of the Installment Payments.

Section 7.05. No Additional Waiver Implied by One Waiver. If any agreement contained in this Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. Application of the Proceeds. The Trust Administrator, as assignee of the Authority, shall apply all amounts received under this Article VII as set forth in Section 13.03 of the Trust Agreement.

Section 7.07. Liability Limited to Net Revenues. Notwithstanding any provision of this Installment Sale Agreement, the City's liability to pay the Installment Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Sections 3.06 and 3.07 hereof. If Net Revenues are insufficient at any time to pay an Installment Payment in full, the City shall not be liable to pay or prepay such Installment Payment other than from Net Revenues.

Section 7.08. Trust Administrator and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VII have been assigned by the Authority to the Trust Administrator under the Trust Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trust Administrator and the Owners of the Certificate as provided in the Trust Agreement.

Section 7.09. Pro Rata Application of Net Revenues. If, at any time, there is a deficiency in Net Revenues available to pay the Installment Payments, any amounts due with respect to Parity Obligations (which may require the consent of the Original Purchaser as set forth in Section 3.09(b)(iv)), amounts required to replenish the Reserve Fund, or amounts required to replenish any reserve fund established for Parity Obligations, available Net Revenues shall be applied on a pro rata basis to the payment of such Installment Payments, to the payment of amounts due with respect to Parity Obligations, to the replenishment of the Reserve Fund, to the replenishment of any reserve fund established for Parity Obligations.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Assignment, Sale or Lease by the City.

(a) Assignment or Sale. This Installment Sale Agreement may not be assigned by the City, and the Enterprise may not be sold by the City during the Term of this Installment Sale Agreement.

(b) Lease. The City may lease the Project, or any portion thereof, with the consent of the Owner of the Certificate so long as all of the Outstanding Certificate are held by the Original Purchaser thereof, and subject to all of the following conditions:

(i) This Installment Sale Agreement and the obligation of the City to make Installment Payments hereunder shall remain obligations of the City;

(ii) The City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trust Administrator a true and complete copy of the documents accomplishing such lease;

(iii) No such lease by the City shall cause the Project to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State; and

(iv) No such lease shall cause the interest component of the Installment Payments to become subject to federal or State personal income taxes.

Section 8.02. Amendment of Installment Sale Agreement. The City will not alter, modify or cancel or agree or consent to alter, modify or cancel this Installment Sale Agreement, except as permitted by Article VII of the Trust Agreement, without the written consent of the Trust Administrator and the Authority,

Section 8.03. Binding Effect. This Installment Sale Agreement shall be for the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 8.04. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.05. Severability. If any provision of this Installment Sale Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.06. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article or Section of this Installment Sale Agreement.

Section 8.07. Net Contract. This Installment Sale Agreement shall be deemed and construed to be a "net contract" and the City hereby agrees that the Installment Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 8.08. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby sold or intended so to be or for carrying out the expressed intention of this Installment Sale Agreement.

Section 8.09. Authority and City Representatives. Whenever under the provisions of this Installment Sale Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authority Representative and for the City by a City Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 8.10. Notices. All written notices to be given hereunder shall be given by mail first class, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time. Any such notice shall be deemed to have been received 48 hours after deposit in the United States mail, with postage fully prepaid.

If to the City:

City of Fort Bragg
416 North Franklin Street

Fort Bragg, CA 95437
Attn: Finance Director

If to the Authority: City of Fort Bragg Joint Powers Financing Authority
416 North Franklin Street
Fort Bragg, CA 95437
Attn: Treasurer

If to the Trust Administrator: Finance Director
City of Fort Bragg
416 North Franklin Street
Fort Bragg, CA 95437

The Authority, the City and the Trust Administrator, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 8.11. Execution in Counterparts. This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page follows]

IN WITNESS, the Authority has caused this Installment Sale Agreement to be duly executed in its name by its duly authorized officer; and the City has caused this Installment Sale Agreement to be duly executed in its name by its duly authorized officers, as of the date first above written.

CITY OF FORT BRAGG JOINT POWERS
FINANCING AUTHORITY, *as Seller*

Attest

By _____
Secretary

By _____
Executive Director

CITY OF FORT BRAGG, *as Purchaser*

Attest

By _____
City Clerk

By _____
City Manager

:

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project will consist of the acquisition and construction of the following improvements to the Enterprise:

Improvements to the Wastewater Treatment Plant (WWTP), including:

- Replacing the existing trickling filters with an activated sludge system
- Re-purposing the clarifiers into emergency/surge storage
- Increased system redundancy
- On-site treatment of storm water.
- Activated Sludge System, the design is based on an activated sludge systems called Aero-Mod SEQUOX and includes provisions for expansion and aerobic digesters. The control systems for the new improvements to the WWTP shall be designed for ease of incorporation into a future Supervisory Control and Data Acquisition System (SCADA).
- Disinfection, the design includes replacement of the existing chlorine contact basin. This portion of the project will involve use of a large pipe allowing necessary contact time to be achieved.
- Solids dewatering and Blower Building, a new dewatering building will be constructed to provide housing for a new belt filter press. This building will also accommodate the blowers for the activated sludge system.

EXHIBIT B
SCHEDULE OF INSTALLMENT PAYMENTS

Payment		Interest		Semiannual	Annual
Date	Principal	Rate	Interest*	Debt Service	Debt Service
06/27/18	-		-	-	-
10/01/18	-	2.000%	\$26,111.11	\$26,111.11	\$26,111.11
04/01/19	-		50,000.00	50,000.00	-
10/01/19	86,000	2.000%	50,000.00	136,000.00	186,000.00
04/01/20	-		49,140.00	49,140.00	-
10/01/20	87,000	2.000%	49,140.00	136,140.00	185,280.00
04/01/21	-		48,270.00	48,270.00	-
10/01/21	89,000	2.000%	48,270.00	137,270.00	185,540.00
04/01/22	-		47,380.00	47,380.00	-
10/01/22	91,000	2.000%	47,380.00	138,380.00	185,760.00
04/01/23	-		46,470.00	46,470.00	-
10/01/23	93,000	2.000%	46,470.00	139,470.00	185,940.00
04/01/24	-		45,540.00	45,540.00	-
10/01/24	95,000	2.000%	45,540.00	140,540.00	186,080.00
04/01/25	-		44,590.00	44,590.00	-
10/01/25	97,000	2.000%	44,590.00	141,590.00	186,180.00
04/01/26	-		43,620.00	43,620.00	-
10/01/26	99,000	2.000%	43,620.00	142,620.00	186,240.00
04/01/27	-		42,630.00	42,630.00	-
10/01/27	101,000	2.000%	42,630.00	143,630.00	186,260.00
04/01/28	-		41,620.00	41,620.00	-
10/01/28	103,000	2.000%	41,620.00	144,620.00	186,240.00
04/01/29	-		40,590.00	40,590.00	-
10/01/29	105,000	2.000%	40,590.00	145,590.00	186,180.00
04/01/30	-		39,540.00	39,540.00	-
10/01/30	107,000	2.000%	39,540.00	146,540.00	186,080.00
04/01/31	-		38,470.00	38,470.00	-
10/01/31	109,000	2.000%	38,470.00	147,470.00	185,940.00
04/01/32	-		37,380.00	37,380.00	-
10/01/32	111,000	2.000%	37,380.00	148,380.00	185,760.00
04/01/33	-		36,270.00	36,270.00	-
10/01/33	113,000	2.000%	36,270.00	149,270.00	185,540.00
04/01/34	-		35,140.00	35,140.00	-
10/01/34	115,000	2.000%	35,140.00	150,140.00	185,280.00
04/01/35	-		33,990.00	33,990.00	-
10/01/35	118,000	2.000%	33,990.00	151,990.00	185,980.00
04/01/36	-		32,810.00	32,810.00	-
10/01/36	120,000	2.000%	32,810.00	152,810.00	185,620.00
04/01/37	-		31,610.00	31,610.00	-
10/01/37	123,000	2.000%	31,610.00	154,610.00	186,220.00

04/01/38	-		30,380.00	30,380.00	-
10/01/38	125,000	2.000%	30,380.00	155,380.00	185,760.00
04/01/39	-		29,130.00	29,130.00	-
10/01/39	128,000	2.000%	29,130.00	157,130.00	186,260.00
04/01/40	-		27,850.00	27,850.00	-
10/01/40	130,000	2.000%	27,850.00	157,850.00	185,700.00
04/01/41	-		26,550.00	26,550.00	-
10/01/41	133,000	2.000%	26,550.00	159,550.00	186,100.00
04/01/42	-		25,220.00	25,220.00	-
10/01/42	135,000	2.000%	25,220.00	160,220.00	185,440.00
04/01/43	-		23,870.00	23,870.00	-
10/01/43	138,000	2.000%	23,870.00	161,870.00	185,740.00
04/01/44	-		22,490.00	22,490.00	-
10/01/44	141,000	2.000%	22,490.00	163,490.00	185,980.00
04/01/45	-		21,080.00	21,080.00	-
10/01/45	144,000	2.000%	21,080.00	165,080.00	186,160.00
04/01/46	-		19,640.00	19,640.00	-
10/01/46	146,000	2.000%	19,640.00	165,640.00	185,280.00
04/01/47	-		18,180.00	18,180.00	-
10/01/47	149,000	2.000%	18,180.00	167,180.00	185,360.00
04/01/48	-		16,690.00	16,690.00	-
10/01/48	152,000	2.000%	16,690.00	168,690.00	185,380.00
04/01/49	-		15,170.00	15,170.00	-
10/01/49	155,000	2.000%	15,170.00	170,170.00	185,340.00
04/01/50	-		13,620.00	13,620.00	-
10/01/50	159,000	2.000%	13,620.00	172,620.00	186,240.00
04/01/51	-		12,030.00	12,030.00	-
10/01/51	162,000	2.000%	12,030.00	174,030.00	186,060.00
04/01/52	-		10,410.00	10,410.00	-
10/01/52	165,000	2.000%	10,410.00	175,410.00	185,820.00
04/01/53	-		8,760.00	8,760.00	-
10/01/53	168,000	2.000%	8,760.00	176,760.00	185,520.00
04/01/54	-		7,080.00	7,080.00	-
10/01/54	172,000	2.000%	7,080.00	179,080.00	186,160.00
04/01/55	-		5,360.00	5,360.00	-
10/01/55	175,000	2.000%	5,360.00	180,360.00	185,720.00
04/01/56	-		3,610.00	3,610.00	-
10/01/56	179,000	2.000%	3,610.00	182,610.00	186,220.00
04/01/57	-		1,820.00	1,820.00	-
10/01/57	182,000	2.000%	1,820.00	183,820.00	185,640.00
Total	5,000,000		2,274,111.11	7,274,111.11	7,274,111.11

*Commencing with the October 1, 2018 interest payment, it is assumed that total advances in the principal amount of \$5,000,000 have been drawn by said October 1, 2018 date.