



AGENDA
MEETING OF THE EL DORADO IRRIGATION DISTRICT
FINANCING CORPORATION
Tuesday, May 26, 2020 ~ immediately following Regular Board Meeting

**Officers of the El Dorado Irrigation District
Financing Corporation**

George Osborne
President
Division I

Pat Dwyer
Vice President
Division II

Michael Raffety
Director
Division III

Lori Anzini
Director
Division IV

Alan Day
Director
Division V

Jim Abercrombie
Secretary

Brian Poulsen
Counsel

Mark Price
Chief Financial Officer

In accordance with the Americans with Disabilities Act and California law, it is the policy of the El Dorado Irrigation District to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation for this meeting, please contact the EID ADA coordinator at 530-642-4045 or e-mail at adacoordinator@eid.org at least 72 hours prior to the meeting. Advance notification within this guideline will enable the District to make reasonable accommodations to ensure accessibility.

PUBLIC COMMENT: *Anyone wishing to comment about items not on the Agenda may do so during the public comment period. Those wishing to comment about items on the Agenda may do so when that item is heard and when the Board calls for public comment. **Public comments are limited to five minutes per person.***

PUBLIC RECORDS DISTRIBUTED LESS THAN 72 HOURS BEFORE A MEETING: *Any writing that is a public record and is distributed to all or a majority of the Board of Directors less than 72 hours before a meeting shall be available for immediate public inspection in the office of the Clerk to the Board at the address shown above. Public records distributed during the meeting shall be made available at the meeting.*

Please take notice, as a result of the COVID-19 pandemic, California Governor Gavin Newsom issued Executive Order (EO) N-29-20, which waives certain requirements of the Ralph M. Brown Act (Brown Act). Specifically, EO N-29-20 waives the requirements that local public agencies (1) notice each teleconference location from which a board member will participate, (2) make each teleconference location accessible to the public, (3) allow the public to address the agency from each teleconference location, (4) post the agenda at each teleconference location, and (5) ensure that a quorum of the board participate in locations within the boundary of the agency. EO N-29-20 requires local public agencies that conduct public meetings telephonically to allow members of the public to observe and address the meeting telephonically or otherwise electronically.

In order to protect the health and safety of the public and District employees, District facilities, including the headquarters building located at 2890 Mosquito Road, Placerville, CA 95667 will be closed to the public until further notice. In accordance with EO N-29-20, the public may participate in the District's Board meeting by teleconference or web conference via the instructions provided below. Members of the public who observe the meeting via teleconference or web conference will be given the opportunity to speak and address the Board, and their comments will be included in the audio recording of the meeting. The meeting materials will be available for download from the District's website at www.eid.org.

PUBLIC PARTICIPATION INSTRUCTIONS

Instructions to join the Board Meeting by telephone only

No accompanying computer or mobile device required. This option will allow participants to listen to Board meeting audio and address the Board during public comment periods by pressing *9 on the telephone keypad.

Dial **1.669.900.6833** and enter Meeting ID **945 6360 8941** when prompted.

Instructions to join the Board Meeting from your computer or mobile device

Click the following join link or copy and paste into your browser <https://zoom.us/j/94563608941>

If the device being used *is* equipped with a microphone and speaker, participants may view the presentation live and listen to Board meeting audio. You may address the Board during public comment periods by clicking on the "raise a hand" button.

If the device being used *is not* equipped with a microphone, participants may view the presentation live and listen to Board meeting audio using the link above. Participants may address the Board during public comment periods by using the call in instructions above and pressing *9 on the telephone keypad.

Additionally, please note that before joining a Zoom meeting on a computer or mobile device, you can download the Zoom app from <https://zoom.us/download>. Otherwise, you will be prompted to download and install Zoom when you click a join link. You can also visit <https://zoom.us/test> at any time to familiarize yourself with Zoom.

CALL TO ORDER

Roll Call

ADOPT AGENDA

PUBLIC COMMENT

NEW BUSINESS

1. Approval of the Minutes of the January 13, 2020, Meeting of the Board for the El Dorado Irrigation District Financing Corporation.

Option 1: Approve as submitted.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Recommended Action: Option 1.

2. Consideration to adopt a resolution authorizing the execution and delivery of not to exceed \$70,000,000 aggregate principal amount revenue certificates of participation and approving the execution and delivery of certain documents in connection therewith and certain other matters.

Option 1 Adopt a resolution authorizing the execution and delivery of not to exceed \$70,000,000 aggregate principal amount revenue certificates of participation and approving the execution and delivery of certain documents in connection therewith and certain other matters.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

Recommended Action: Option 1.

ADJOURNMENT



MINUTES
MEETING OF THE EL DORADO IRRIGATION DISTRICT
FINANCING CORPORATION
District Board Room
2890 Mosquito Road, Placerville, California
January 13, 2020 ~ immediately following Regular Board Meeting

Officers of the El Dorado Irrigation District
Financing Corporation

George Osborne
President
Division I

Pat Dwyer
Vice President
Division II

Michael Raffety
Director
Division III

Lori Anzini
Director
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CALL TO ORDER

President Day called the meeting to order at 11:39 A.M. Directors Osborne, Dwyer, Raffety, Anzini and Day present. General Counsel Poulsen, Secretary Abercrombie, Chief Financial Officer Price and Clerk to the Board Sullivan present.

ADOPT AGENDA

ACTION: Agenda was adopted.

MOTION CARRIED

Ayes: Directors Osborne, Anzini, Dwyer, Raffety and Day

PUBLIC COMMENT

None

NEW BUSINESS

- 1. The Board will hear nominations and elect the officers for President, Vice President, Secretary and Chief Financial Officer.

ACTION: Director Osborne was elected President and Director Dwyer was elected Vice President and Secretary Abercrombie and Chief Financial Officer Price will remain in their respective positions.

MOTION PASSED

Ayes: Directors Day, Osborne, Dwyer, Raffety and Anzini

- 2. Approval of the Minutes of the January 14, 2019, Meeting of the Board for the El Dorado Irrigation District Financing Corporation.

ACTION: Option 1: Approved as submitted.

MOTION PASSED

Ayes: Directors Raffety, Day, Osborne, Dwyer and Anzini

ADJOURNMENT

President Osborne adjourned the meeting at 11:43 A.M.

George Osborne, President
EL DORADO IRRIGATION DISTRICT
FINANCING CORPORATION

ATTEST:

Jennifer Sullivan, Clerk to the Board
EL DORADO IRRIGATION DISTRICT
FINANCING CORPORATION

Approved: _____

EL DORADO IRRIGATION DISTRICT FINANCING CORPORATION

Subject: Consideration to adopt a resolution authorizing the execution and delivery of not to exceed \$70,000,000 aggregate principal amount revenue certificates of participation and approving the execution and delivery of certain documents in connection therewith and certain other matters.

Previous Board Actions

The Board previously authorized the 2003A, 2003B, Certificates of Participation, the 2004A and 2004B refinancing Certificates of Participation, 2008A Adjustable Rate Revenue Certificates of Participation, 2009A Revenue Certificates of Participation, 2010A Revenue Certificates of Participation and the 2016B Certificates of Participation.

September 8, 2014 – The Board adopted a resolution of intent to issue tax-exempt obligations to finance specified capital improvement projects.

October 14, 2014 – The Board adopted an amending resolution of intent to issue tax-exempt obligations to include repair of the Esmeralda Tunnel.

June 27, 2016 – The Board authorized the 2016B Certificates of Participation.

Board Policies (BP), Administrative Regulations (AR), and Board Authority

BP 3050 Financial Condition and Activities

AR 3051 Budget Principles

Summary of Issue

District staff and the financing team are recommending that the Financing Corporation issue Certificates of Participation (“COPs”) in the approximate amount of \$70,000,000 (hereafter referred to as the “2020A COPs”) to fund certain capital improvement projects: Folsom Lake Intake Improvement project, Main Ditch Piping (Forebay to Reservoir 1) project, and the replacement of several flumes. Financing the listed capital improvement projects by issuing bond debt is appropriate in order to provide generational equity among District rate payers who will benefit from the long expected life of these projects.

The proposed resolution will authorize the Financing Corporation to issue the 2020A COPs, authorize the execution and delivery of the transaction documents, allow final revisions to the draft transaction documents, appoint a trustee to receive and escrow the debt proceeds, and give the General Manager authority to take other actions necessary or desirable to consummate the debt issuance.

Background/Discussion

The purpose of the proposed resolution is to facilitate the District's issuance of debt for capital expenditures. Proceeds derived from the sale of the 2020A COPs will fund the capital improvement projects: Folsom Lake Intake Improvement project, Main Ditch Piping (Forebay to Reservoir 1) project, and the replacement of several flumes. The life expectancy for each project,

once complete, ranges from 30 to 50 years. Consequently, it is appropriate to finance these projects using debt proceeds. Doing so avoids the rate shock of requiring our existing customers to pay the entire costs and allowing future customers, who will also benefit from the projects' long life expectancy, to help shoulder some of their costs.

The purpose of the Board's resolutions of intent to issue tax-exempt obligations adopted on September 8 and October 14, 2014, were to enable reimbursement for capital expenditures from the date of adoption of the first resolution, to the date of issuance of the new debt. This document remains in force with respect to the current financing contemplated.

Although the adopted 5-year financial plan reflects a bond sale of \$60.0 million, current projections for this transaction show the District needs to issue about \$60.8 million in COPs and receive approximately another \$14.6 million in bond premium totaling about \$75.0 million in proceeds to fund the projects and the increased cost of the Folsom Lake Intake Improvement project following the competitive construction bidding process.

The resolution that authorizes the issuance of revenue COPs, also approves the good faith estimates, the assignment agreement between the financing corporation and Union Bank of California, the trustee, as well as the Installment Purchase Agreement with EID, and the Trust Agreement with EID and MUFG Union Bank, N.A. It acknowledges the Purchase Contract between EID and Citigroup for the initial sale of the COPs. All of these transactional documents are exhibits to the corresponding EID Board agenda item of this issue.

The resolution that authorizes the issuance of the 2020A COPs includes the following draft transaction documents:

Good Faith Estimates: This document represents the estimated financial outcome of the transaction including estimates of True Interest Cost (TIC), transaction fees paid to 3rd parties, net proceeds of the transaction and total debt payments under the contract (principal and interest).

Installment Purchase Agreement: This document is the contract between EID and the El Dorado Irrigation District Financing Corporation and confirms the existing financial covenants for the benefit of the owners of the 2020A COPs.

Trust Agreement: This document is an agreement between MUFG Union Bank, N.A. as Trustee, EID and the EID Financing Corporation and sets forth the terms, conditions and covenants applicable to the 2020A COPs.

Assignment Agreement: This document assigns the El Dorado Irrigation Financing Corporation's interest in the Installment Purchase Agreement to Union Bank.

Preliminary Official Statement: This document describes all relevant details of the participants, the issue, outstanding debt of the District and the purpose of the issue. The Preliminary Official Statement is not only a marketing document; it is also a disclosure document that the District must ensure is accurate and complete in all material respects. Each Board member should review this document and provide comments as they deem appropriate, so that District staff and bond counsel may assess whether the comments necessitate changes to be incorporated into a revised Preliminary Official Statement and/or the final Official Statement.

Purchase Contract: This agreement between the District and Citigroup will memorialize the principal amounts and interest rate on the 2020A Bonds upon sale and prior to closing.

Board Options

Option 1: Adopt a resolution authorizing the execution and delivery of not to exceed \$70,000,000 aggregate principal amount revenue certificates of participation and approving the execution and delivery of certain documents in connection therewith and certain other matters.

Option 2: Take other action as directed by the Board.

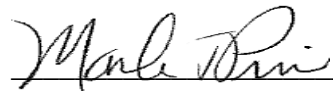
Option 3: Take no action.

Recommendation


Option 1.

Attachments

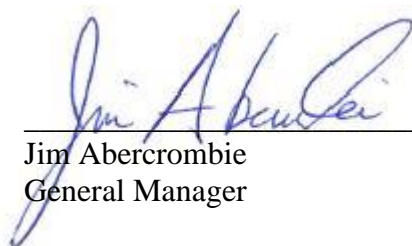
Attachment A: New Money Certificates of Participation Series 2020A
Proposed resolution with the following exhibits:
Good Faith Estimates
Installment Purchase Agreement
Assignment Agreement
Trust Agreement
Preliminary Official Statement
Purchase Contract



Mark Price
Finance Director



Brian Poulsen
General Counsel



Jim Abercrombie
General Manager

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EL DORADO IRRIGATION DISTRICT FINANCING CORPORATION AUTHORIZING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$70,000,000 REVENUE CERTIFICATES OF PARTICIPATION, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the El Dorado Irrigation District Financing Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”) with the authority to assist in the acquisition of facilities on behalf of El Dorado Irrigation District (the “District”); and

WHEREAS, the District has determined that it would be in the best interests of the District and the residents and ratepayers in the District to request that the Corporation authorize the preparation and delivery of Revenue Certificates of Participation in an aggregate principal amount not to exceed \$70,000,000 (the “Certificates”) to acquire facilities for the District; and

WHEREAS, the District and the Corporation desire to enter into that certain Installment Purchase Agreement, by and between the District and the Corporation (the “Installment Purchase Agreement”), the form of which is on file with the Corporation, that certain Trust Agreement, by and among the Trustee named therein, as trustee (the “Trustee”), the District and the Corporation (the “Trust Agreement”), the form of which is on file with the Corporation and that certain Assignment Agreement, by and between the Corporation and the Trustee (the “Assignment Agreement”), the form of which is on file with the Corporation; and

WHEREAS, the Certificates will be sold to the underwriter (the “Underwriter”) named in a Purchase Contract, by and between the District and the Underwriter and acknowledged by the Corporation (the “Purchase Contract”), the form of which is on file with the Corporation;

NOW, THEREFORE, the Board of Directors of the Corporation does hereby resolve as follows:

Section 1. Certificates. This Board of Directors hereby authorizes the preparation, sale and delivery of the Certificates in an aggregate principal amount not to exceed \$70,000,000 in accordance with the terms and provisions of the Trust Agreement. The purposes for which the proceeds of the sale of the Certificates shall be expended are to acquire certain facilities for the District as described in the Installment Purchase Agreement, to fund a reserve fund, if required, for the Certificates and to pay the costs of delivery of the Certificates.

Section 2. Certificate Documents. The Installment Purchase Agreement, the Assignment Agreement, the Trust Agreement and the Purchase Contract presented at this meeting are approved. Each of the President, the Vice-President, the Chief Financial Officer and the Secretary (each an “Authorized Officer” and together the “Authorized Officers”) is each individually authorized and

directed to execute and deliver the Installment Purchase Agreement, the Assignment Agreement and the Trust Agreement and the Chief Financial Officer is authorized and directed to acknowledge said Purchase Contract. Such agreements and contract shall be executed or acknowledged, as the case may be, in substantially the forms hereby approved, with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Special Counsel (“Special Counsel”) and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 3. Good Faith Estimate of Costs. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A attached to this Resolution and are available to the public at the meeting at which this Resolution is approved.

Section 4. Other Actions. Each Authorized Officer and such other officers of the Corporation are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to consummate the sale and delivery of the Certificates, and the delivery of the Installment Purchase Agreement, Assignment Agreement and Trust Agreement and acknowledgment of the Purchase Contract and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. Effect. This Resolution shall take effect immediately.

I certify that the foregoing resolution was adopted by the Board of Directors of the El Dorado Irrigation District Financing Corporation on May 26, 2020.

President

ATTEST:

Secretary

Revenue Certificates of Participation, Series 2020A

Good Faith Estimates

Set forth below are **good faith estimates** of Fieldman, Rolapp & Associates, Inc., the municipal advisor, as required under Section 5852.1 of the California Government Code (the “Code”). **The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.**

- (a) The true interest cost of the Certificates is estimated at 3.36%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the Certificates, including all fees and charges paid to third parties, is estimated at \$477,225.
- (c) Proceeds of the Certificates expected to be received by the District for the sale of the Certificates, less the finance charge described in (b) above and any capitalized interest or reserves paid from proceeds of the installment agreement (if any) is equal to \$75,000,000.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$131,753,050.

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

INSTALLMENT PURCHASE AGREEMENT

by and between

EL DORADO IRRIGATION DISTRICT

and

EL DORADO IRRIGATION DISTRICT FINANCING CORPORATION

Dated as of June 1, 2020

Relating to

\$ _____

EL DORADO IRRIGATION DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION,
SERIES 2020A

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into as of June 1, 2020 by and between EL DORADO IRRIGATION DISTRICT, an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and EL DORADO IRRIGATION DISTRICT FINANCING CORPORATION, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”).

WITNESSETH:

WHEREAS, the District proposes to finance certain facilities within its Water System and Wastewater System described in Exhibit A (the “Project”);

WHEREAS, the Corporation has agreed to assist the District in financing the Project for the District on the terms and conditions set forth in this Agreement;

WHEREAS, the District is authorized by Division 11 of the Water Code of the State of California, including but not limited to Section 22425, to acquire property for its Water System and Wastewater System and by Division 11 of the Water Code of the State of California, including but not limited to Sections 22500 and 24252, to sell property comprising its Water System and Wastewater System;

WHEREAS, the District and the Corporation have duly authorized the execution of this Agreement;

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

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

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Unless the context otherwise requires, all capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Trust Agreement.

2012A Bonds

The term “2012A Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds, Series 2012A.

2012B Bonds

The term “2012B Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds, Series 2012B (Taxable).

2014A Bonds

The term “2014A Bonds” means El Dorado Irrigation District Refunding Revenue Bonds, Series 2014A.

2016A Bonds

The term “2016A Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds, Series 2016A.

2016C Bonds

The term “2016C Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds, Series 2016C.

2016 Installment Purchase Agreement

The term “2016 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of June 1, 2016, 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 therewith.

2020 Bonds

The term “2020 Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds, Series 2020A and Taxable Series 2020B.

Accountant’s Report

The term “Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

Acquisition Fund

The term “Acquisition Fund” means the Acquisition Fund by that name created pursuant to Section 3.5 hereof.

Agreement

The term “Agreement” means this Installment Purchase Agreement, by and between the District and the Corporation, dated as of June 1, 2020, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Assignment Agreement

The term “Assignment Agreement” means the Assignment Agreement, by and between the Corporation and the Trustee, dated as of June 1, 2020, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

Bonds

The term “Bonds” means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Installment Payments and which are secured by a pledge of and lien on Revenues as described in Section 5.1 hereof, including the 2012A Bonds, 2012B Bonds, 2014A Bonds, 2016A Bonds, 2016C Bonds and 2020 Bonds.

Business Day

The term “Business Day” means: (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State in which the Designated Corporate Trust Office of the Trustee is located, are closed; or (ii) a day on which the New York Stock Exchange is not closed.

Certificates

The term “Certificates” means the \$_____ aggregate principal amount of El Dorado Irrigation District Revenue Certificates of Participation, Series 2020A, executed and delivered on behalf of the District and at any time Outstanding pursuant to the Trust Agreement.

Closing Date

The term “Closing Date” means the date on which the Certificates are executed and delivered to the original purchaser thereof.

Continuing Disclosure Certificate

The term “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate (2020A Certificates), dated the Closing Date, of the District, as originally executed and as it may be from time to time amended or supplemented in accordance with its terms.

Contracts

The term “Contracts” means and is limited to all contracts of the District previously or hereafter authorized and executed by the District and the Parity Installment Payments which are on a parity with the Installment Payments and which are secured by a pledge and lien on the Revenues as described in Section 5.1 hereof, the 2016 Installment Purchase Agreement [and the DPH Contract], but excluding contracts entered into for operation and maintenance of the Water System or Wastewater System.

Corporation

The term “Corporation” means the El Dorado Irrigation District Financing Corporation, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California.

Date of Operation

The term “Date of Operation” means, with respect to any uncompleted component Parity Project, the estimated date by which such uncompleted component Parity Project will have been completed and, in the opinion of an engineer, will be ready for operation by or on behalf of the District.

Debt Service

The term “Debt Service” means, for any period of calculation, the sum of:

- (1) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized);
- (2) those portions of the principal amount of all outstanding serial Bonds maturing in such period, excluding Excluded Principal;
- (3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period, excluding Excluded Principal; and
- (4) those portions of the Contracts required to be made during such period, (except to the extent the interest evidenced and represented thereby is capitalized and excluding Excluded Principal);

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

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of:

- (i) the then current variable interest rate borne by such Bonds or Contracts plus 1%, and
- (ii) if such Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds or Contracts have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the Bonds to be issued or the Contracts to be executed;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service

shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

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

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

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

Designated Corporate Trust Office of the Trustee. The term “Designated Corporate Trust Office of the Trustee” means the corporate trust office of the Trustee in San Francisco, California, provided that for purposes of payment, redemption, exchange, transfer, surrender and cancellation of 2020 Bonds, such term means the corporate trust office of the Trustee in Los Angeles, California, or such other office as the Trustee may from time to time designate in writing to the District and the Owners.

District

The term “District” means El Dorado Irrigation District, an irrigation district duly organized and existing under and by virtue of the laws of the State of California.

[DPH Contract

The term “DPH Contract” means the Funding Agreement (Bass Lake Tanks) entered into in connection with loan number SRF2002CX143, dated as of June 25, 2007, by and between the State of California Health and Human Services Agency, Department of Health Services (now renamed the Department of Public Health) and the District and all exhibits and attachments thereto, as originally executed and as it may from time to time be amended or supplemented in accordance therewith.]

Event of Default

The term “Event of Default” means any of the events specified in Section 8.1.

Excluded Principal

The term “Excluded Principal” means each payment of principal of any Bond or Contract for which there is on file with the Trustee (i) a certificate of an Independent Municipal Advisor to the effect that such Bond or Contract is commercial paper or otherwise of a short term or revolving nature and has a maturity of less than 42 months and (ii) a certificate of an Authorized Representative to the

effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Fiscal Year

The term “Fiscal Year” means the twelve month period beginning on January 1 of each year and ending on December 31 of the following year, both dates inclusive, or any other twelve month period hereafter selected and designated as the official fiscal year period of the District.

Independent Certified Public Accountant

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

Independent Municipal Advisor

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

Installment Payment Date; Parity Installment Payment Date

The term “Installment Payment Date” means the fifth day prior to each Interest Payment Date, or if said date is not a Business Day, then the preceding Business Day. The term “Parity Installment Payment Date” means each date on which Parity Installment Payments are scheduled to be paid by the District under and pursuant to any Contract.

Installment Payments; Parity Installment Payments

The term “Installment Payments” means the installment payments of interest and principal scheduled to be paid by the District under and pursuant hereto. The term “Parity Installment Payments” means the payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts.

Interest Payment Date

The term “Interest Payment Date” means September 1, 2020, and each March 1 and September 1 thereafter.

Law

The term “Law” means the Irrigation District Law of the State of California (being Division 11 of the Water Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

Manager

The Term “Manager” means the General Manager of the District, or any other person designated by the General Manager to act on behalf of the General Manager.

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.

Net Wastewater System Revenues

The term “Net Wastewater System Revenues” means for any Fiscal Year, the Wastewater System Revenues for such Fiscal Year less the Operation and Maintenance Costs allocable to the Wastewater System.

Net Water System Revenues

The term “Net Water System Revenues” means for any Fiscal Year, the Water System Revenues for such Fiscal Year less the Operation and Maintenance Costs allocable to the Water System.

Operation and Maintenance Costs

The term “Operation and Maintenance Costs” means (i) costs spent or incurred for maintenance and operation of the Water System and Wastewater 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 and Wastewater System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System and Wastewater 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, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than Debt Service) required to be paid by it to comply with the terms of this Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds and (ii) all costs of water purchased or otherwise acquired for delivery by the Water System (including any interim or renewed arrangement therefor), 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, including but not limited to prior period adjustments or restatements made in subsequent periods which would not have affected the District's statements of revenues, expenses and changes in net position.

Parity Project

The term "Parity Project" means any additions, betterments, extensions or improvements to the District's Water System or Wastewater System designated by the Board of Directors of the District as a Parity Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds.

Participating Underwriter

The term "Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

[Pre-Existing Indebtedness

The term "Pre-Existing Indebtedness" means certain payment obligations of the District to the State of California Department of Water Resources for loans, four of which are dated as of May 1, 2000, numbered SRF1997CX102, SRF1997CX103, SRF1997CX104 and SRF1997CX105, two of which are dated as of June 28, 2005, numbered SRF2002CX131 and SRF2002CX130, and SRF2002CX141 dated as of January 26, 2007, SRF2002CX142 dated as of April 30, 2007, and SRF2002CX140 dated as of May 18, 2007 each made by the State of California Department of Water Resources to the District under the California Safe Drinking Water Revolving Fund Law of 1997.]

Project

The term "Project" means certain facilities within the Water System and Wastewater System of the District described in Exhibit A herein.

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 4.1.

Revenue Fund

The term "Revenue Fund" means the fund by that name continued pursuant to Section 5.2.

Revenues

The term "Revenues" means (i) Water System Revenues, (ii) Wastewater System Revenues, and (iii) other revenues received by the District, as determined by generally accepted accounting principles, including, without limiting the generality of the foregoing, (a) all amounts, if and to the extent received by the District as its share of the 1% *ad valorem* property tax not allocated by the Board of Directors of the District to the Water System Revenues or the Wastewater System Revenues, plus

(b) the earnings on and income derived from the investment of the amounts described in clause (a) hereof and the general unrestricted funds of the District,

but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of taxes restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts.

State

The term “State” means the State of California.

Trust Agreement

The term “Trust Agreement” means the Trust Agreement, dated as of June 1, 2020, by and among the District, the Corporation and the Trustee, relating to the Certificates, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

U.S. Bureau of Reclamation Contract

The term “U.S. Bureau of Reclamation Contract” means the Contract between the United States and the District providing for the construction of the Sly Park Unit of the Central Valley Project, and all amendments and supplements thereto and any conversion thereof to a repayment contract under section 9(d) of the Reclamation Act of 1939, as amended, providing for payment obligations of the District to the United States Bureau of Reclamation for certain debt of the United States Bureau of Reclamation approved by voters of the District in 1959, 1969, 1972 and 1975.

Wastewater Service

The term “Wastewater Service” means the wastewater treatment service and reclaimed water sales made available or provided by the Wastewater System.

Wastewater System

The term “Wastewater System” means the whole and each and every part of the wastewater treatment and recycled water system of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such wastewater treatment system or any part thereof hereafter acquired or constructed.

Wastewater System Revenues

The term “Wastewater System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Wastewater System, determined in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing,

- (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the furnishing of wastewater treatment, provision of recycled water or other services, facilities, and commodities sold, furnished or supplied

through the facilities of or in the conduct or operation of the business of the Wastewater System, plus

(2) the facility capacity charges or similar charges related to the Wastewater System, plus

(3) for any Fiscal Year, the amount of 1% *ad valorem* property tax allocated by the Board of Directors of the District to the Wastewater System Revenues, if and to the extent received and so allocated by the District, plus

(4) the earnings on and income derived from the investment of the amounts described in clauses (1), (2) and (3) hereof,

but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of taxes restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts.

Water Service

The term “Water Service” means the water distribution 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 District hydroelectric facilities, and including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system and hydroelectric facilities or any part thereof hereafter acquired or constructed.

Water System Revenues

The term “Water System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, determined in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of water, hydroelectric power or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System, plus

(2) the proceeds of any stand-by or water availability charges, plus

(3) the facility capacity charges or similar charges related to the Water System, plus

(4) for any Fiscal Year, the amount of 1% *ad valorem* property tax allocated by the Board of Directors of the District to the Water System Revenues, if and to the extent received and so allocated by the District, plus

(5) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the recreation facilities which are operational; plus

(6) the earnings on and income derived from the investment of the amounts described in clauses (1), (2), (3), (4) and (5) hereof,

but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of taxes restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts.

Written Consent of the Corporation or District, Written Order of the Corporation or District, Written Request of the Corporation or District, Written Requisition of the Corporation or District

The terms “Written Consent of the Corporation or District,” “Written Order of the Corporation or District,” “Written Request of the Corporation or District,” and “Written Requisition of the Corporation or District” mean, respectively, a written consent, order, request or requisition signed by or on behalf of (i) the Corporation by its President or a Vice President or (ii) the District by the President of its Board of Directors or its General Manager or by the Secretary of its Board of Directors or by any two persons (whether or not officers of the Board of Directors of the District) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations by the District. The District makes the following representations:

(a) The District is an irrigation district duly organized and existing under and pursuant to the laws of the State of California.

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

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

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

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District sell the Project to the Corporation and acquire the Project, in the manner provided for in this Agreement.

Section 2.2 Representations and Warranties by the Corporation. The Corporation makes the following representations and warranties:

(a) The Corporation is a nonprofit public benefit corporation duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution and delivery and due performance of this Agreement.

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

(c) The Corporation will not take or permit any action to be taken which results in interest paid for the installment purchase of the Project under the terms of this Agreement being included in the gross income of the Certificate Owners or their assigns for purposes of federal or State of California income taxation.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.1 Purchase and Sale of the Project. In consideration for the Installment Payments as set forth in Section 4.2, the Corporation agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Corporation the Project at the Purchase Price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

Section 3.2 Title. All right, title and interest in the Project shall vest in the District immediately upon acquisition or 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 3.3 Acquisition and Construction of the Project. The Corporation hereby agrees to cause the Project, and any additions or modifications thereto, to be constructed, acquired or installed by the District as its agent, and the District shall enter into contracts and provide for, as agent of the Corporation, the complete construction, acquisition and installation of the Project. The District hereby agrees that it will cause the construction, acquisition and installation of the Project to be diligently performed after the deposit of funds with the Trustee pursuant to the Trust Agreement, upon satisfactory completion of design work and compliance with all environmental and other laws including, but not limited to, the California Environmental Quality Act and approval by the Board of Directors of the District, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project and that all such costs

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

Section 3.4 Changes to the Project. The District may substitute other improvements for those listed as components of the Project in Exhibit A hereto, but only if the District first files with the Corporation and the Trustee a statement of the District:

(a) identifying the improvements to be deleted from such Exhibit and the improvements to replace such deleted improvements; and

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

Section 3.5 Acquisition Fund. There is hereby established with the District the Acquisition Fund. The District shall deposit moneys received from the proceeds of the Certificates into the Acquisition Fund.

The moneys in the Acquisition Fund shall be held by the District in trust and moneys therein shall be applied to the payment of the costs of acquisition and construction of the Project, and of expenses incidental thereto, including costs of delivering the Certificates. Before any payment is made from the Acquisition Fund by the Director of Finance of the District, the General Manager of the District shall cause to be filed with the Director of Finance of the District a Written Requisition of the District in the form set forth in Exhibit C hereto.

Upon receipt of each such Written Requisition, the Director of Finance of the District will pay the amount set forth in such Written Requisition as directed by the terms thereof. The Director of Finance of the District need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the Project shall have been constructed and acquired in accordance with this Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Director of Finance of the District and the Trustee by the District. Upon the receipt of such statement, the Director of Finance of the District shall transfer any remaining balance in the Acquisition Fund and not needed for Acquisition Fund purposes (but less the amount of any such retention which amount shall be certified to the Director of Finance of the District by the District) to the Trustee which shall transfer such amounts to the Certificate Payment Fund for deposit by the Trustee in the Certificate Payment Fund.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.1 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 4.2 and Exhibit B hereto, and shall be paid by the District as and constitute interest paid with respect to the principal amount of the District's obligations hereunder.

Section 4.2 Installment Payments. The District shall, subject to any rights of prepayment provided in Article VII, pay the Corporation the Purchase Price in installment payments of interest and principal in the amounts and on the Installment Payment Dates as set forth in Exhibit B hereto.

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

Subject to Section 10.1 hereof, the obligation of the District to make the 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 Installment Payments required to be made by it under this section when due, whether or not the Water System, Wastewater System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 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 5.1 Pledge of Revenues. All Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Installment Payments as provided herein; [subject, however, to the pledge thereon securing Pre-Existing Indebtedness now in existence] and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts and

Bonds, shall constitute a lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted herein, the Revenue Fund and other funds and accounts created hereunder for the payment of the Installment Payments and all other Contracts and Bonds in accordance with the terms hereof and the Trust Agreement.

Section 5.2 Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is hereby continued and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in this 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 such Operation and Maintenance Costs become due and payable. [All remaining moneys in the Revenue Fund shall be used to make payments with respect to Pre-Existing Indebtedness when due and payable.] Thereafter all remaining moneys in the Revenue Fund shall be applied by the District at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Installment Payments. Not later than each Installment Payment Date, the District shall, from the moneys in the Revenue Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date. The District shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of any Bond or Contract.

(b) Reserve Funds. On or before each Installment Payment Date the District shall, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for such other reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts other than this Agreement, that sum, if any, necessary to restore such other reserve funds and/or accounts to an amount equal to such other reserve requirements.

(c) Surplus. Moneys on deposit in the Revenue Fund on any date when the District reasonably expects such moneys will not be needed for the payment of Operation and Maintenance Costs or for any of the purposes described in clauses (a) or (b) may be expended by the District at any time for any purpose permitted by law.

Section 5.3 Additional Contracts and Bonds. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(a) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such

Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the District, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year; and

(b) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges for the Water Service and Wastewater Service approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the District, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year, plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(c) The estimated Net Revenues for the 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 Parity Project, as evidenced by a certificate of the General Manager of the District on file with the District, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for the Water Service and Wastewater Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the General Manager on file with the District, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

Notwithstanding the foregoing, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

Section 5.4 Investments. All moneys held by the District in the Revenue Fund and Acquisition Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.1 Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the 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 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.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 10.6 hereof, each of the agreements, conditions, covenants and terms contained in this Agreement is an essential and material term of the purchase of and payment for the Project by the District pursuant to, and in accordance with, and as authorized under the Law.

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

Section 6.2 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, execute Contracts or issue Bonds as permitted herein or incur evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of lien on Revenues on any moneys in the Revenue Fund as may from time to time be deposited therein, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.3 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 Wastewater System or any part thereof necessary to secure adequate Revenues for the payment of the Installment Payments, or which would otherwise impair the rights of the Corporation hereunder or the operation of the Water System or Wastewater 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 Wastewater 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 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 or Wastewater System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System or

Wastewater System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System or Wastewater System.

Section 6.4 Against Competitive Facilities. To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any water or wastewater system competitive with the Water System or Wastewater System.

Section 6.5 Tax Covenants. Notwithstanding any other provision of this Agreement, absent an opinion of Special Counsel that the exclusion from gross income of interest with respect to the Certificates will not be adversely affected for federal income tax purposes, the District and the Corporation covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District and the Corporation will not take or omit to take any action or make any use of the proceeds of the Certificates or of any other moneys or property which would cause the Certificates to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The District and the Corporation will make no use of the proceeds of the Certificates or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The District and the Corporation will make no use of the proceeds of the Certificates or take or omit to take any action that would cause the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

(e) Hedge Bonds. The District and the Corporation will make no use of the proceeds of the Certificates or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Certificates to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Certificates for federal income tax purposes.

(f) Miscellaneous. The District and the Corporation will take no action, or omit to take any action, inconsistent with the expectations stated in any Tax Certificate executed with respect to the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District and the Corporation from executing and delivering

Certificates, the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.

Section 6.6 Maintenance and Operation of the Water System and Wastewater System. The District will maintain and preserve the Water System and Wastewater System in good repair and working order at all times and will operate the Water System and Wastewater System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

Section 6.7 Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Installment Payments or to the Owners prior or superior to the lien of the Installment Payments or which might impair the security of the Installment Payments.

Section 6.8 Compliance with Contracts. The District will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to pay Installment Payments when due; and the District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Water System or Wastewater System, to the extent that the District is a party thereto.

Section 6.9 Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Water System and Wastewater System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Water System and Wastewater System) as are usually covered in connection with water and wastewater systems similar to the Water System and Wastewater System so long as such insurance is available from reputable insurance companies.

In the event of any damage to or destruction of the Water System or Wastewater 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 or Wastewater System, respectively. 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 and Wastewater System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement portion of the Water System or Wastewater System, respectively, and/or the cost of the construction of additions, betterments, extensions or improvements to the Water System or Wastewater System, respectively, then the excess Net Proceeds shall be applied in part to the prepayment of 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 Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and 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 Installment Payments as well as the entire

obligations evidenced by Bonds and 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 or Wastewater System, and/or not to construct other additions, betterments, extensions or improvements to the Water System or Wastewater System; and thereupon such Net Proceeds shall be applied to the prepayment of Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance as 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 and wastewater systems similar to the Water System and Wastewater 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 and wastewater systems similar to the Water System and Wastewater System and is, in the opinion of an accredited actuary, actuarially sound.

Section 6.10 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 District, which records shall be available for inspection by the Corporation and the Trustee at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Corporation and the Trustee annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2020) 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 6.11 Protection of Security and Rights of the Corporation. The District will preserve and protect the security hereof and the rights of the Corporation to the Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.12 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, Wastewater System, or any part thereof or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, Wastewater 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 6.13 Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net

Water System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Water System.

(b) To the fullest extent permitted by law, the District shall fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

(c) 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 Water System Revenues or Net Wastewater System Revenues, as applicable, from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

(d) For avoidance of doubt, so long as the District has complied with its obligations set forth in subsection (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the thresholds set forth in Section 6.13(a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with Section 6.13(a) and (b) at the commencement of the succeeding Fiscal Year.

Section 6.14 Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Water Service and Wastewater Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

Section 6.15 Eminent Domain Proceeds. If all or any part of the Water System or Wastewater 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 and the Trustee 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 or Wastewater 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 and the Trustee, 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 by the District in part to the prepayment of 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 Bonds and Contracts

in the same proportion which the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 6.16 Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 6.17 Enforcement of Contracts. The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the District to pay Installment Payments.

Section 6.18 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner of Certificates or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificate for federal income tax purposes.

Section 6.19 Compliance with U.S. Bureau of Reclamation Contract. The District will comply with Article No. 12 of the U.S. Bureau of Reclamation Contract which requires the District to levy and collect all necessary taxes and assessments to make the payment thereunder.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.1 Prepayment.

(a) The District may or shall, as the case may be, prepay from the Net Proceeds as provided herein on any date, all or any part on any Installment Payment Date, of the principal amount of the unpaid Installment Payments 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 Installment Payments maturing on March 1, 20__ either in inverse order of maturity or pro rata among maturities, as a whole or in part, or as otherwise selected by the District, on any date on or after March 1, 20__ from any available funds. The principal amount of the unpaid Installment Payments is payable at a prepayment price equal to the principal amount of the Installment Payments to be prepaid plus accrued interest thereon to the date of prepayment without premium.

(c) 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 7.2 Method of Prepayment. Before making any prepayment pursuant to Section 7.1(a), the District may, 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 and the Trustee describing such event and specifying the date on which the prepayment of the Certificates will be paid, which date shall be not less than thirty (30) days from the date such notice is given, unless such prepayment must occur on an Interest Payment Date, in which case such date shall be the next Interest Payment Date with respect to which notice of prepayment may be timely given pursuant to the Trust Agreement.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1 Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen, that is to say --

(a) if default shall be made by the by the District in the due and punctual payment of the principal with respect to any Installment Payments when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for prepayment, by acceleration, or otherwise;

(b) if default shall be made by the District in the due and punctual payment of the interest with respect to any Installment Payments when and as the same shall become due and payable;

(c) if default shall be made by the District in the observance of any of the other covenants, agreements or conditions on its part in the Agreement if such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the District by the Trustee or by the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding; provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such thirty (30) day period and corrective action is instituted by the District within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder;

(d) 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

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

then and in each and every such case during the continuance of such Event of Default specified in clauses (d) and (e) above, the Corporation shall, and for any other such Event of Default the Corporation may, upon notice in writing to the District, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid 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 Installment Payments and/or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such Contract or Bond 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 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 8.2 Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all Revenues thereafter received 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 and Trustee, including reasonable compensation to its accountants and counsel, pursuant to Section 5.7 of the Trust Agreement;

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

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

First: to the persons entitled thereto of all installments of interest then due with respect to the Installment Payments, with respect to such Contract or on such Bonds, as applicable, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: to the persons entitled thereto of all installments of unpaid principal with respect to any Installment Payments, with respect to such Contract or on such Bonds, as applicable, which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount available shall not be sufficient to pay in full all the Installment Payments together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Third: if there shall exist any remainder after the foregoing payments, such remainder shall be paid to the District.

Section 8.3 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 Law 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 not have a security interest in or mortgage on the Project, the Water System or Wastewater System or other assets of the District, and no default hereunder shall result in the loss of the Project, the Water System or Wastewater System or other assets of the District.

Section 8.4 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 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, 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 8.5 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 the Law or any other law.

If any remedial action is discontinued or abandoned, the Trustee and Certificate Owners shall be restored to their former positions.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1 Discharge of Obligations.

(a) When all or any portion of the 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 Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the 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 Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (1) of the definition thereof, 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 Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee,

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

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

Installment Payments and shall be applied by the Trustee to the payment of the Installment Payments of the District.

ARTICLE X

MISCELLANEOUS

Section 10.1 Liability of District Limited to Revenues. The obligation of the District to make the 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. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Revenues and the Revenue Fund 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.

Section 10.2 Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District 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 10.3 Successor Is 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 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 thereof whether so expressed or not.

Section 10.4 Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the 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 10.5 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 10.6 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 10.7 Assignment. This Agreement and any rights hereunder may be assigned by the Corporation, as a whole or in part, without the necessity of obtaining the prior consent of the District.

Section 10.8 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 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.9 California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

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

If to the District: El Dorado Irrigation District
2890 Mosquito Road
Placerville, CA 95667
Attention: General Manager

If to the Corporation: El Dorado Irrigation District Financing Corporation
2890 Mosquito Road
Placerville, CA 95667
Attention: President

If to the Trustee: MUFG Union Bank, N.A.
350 California Street, 17th Floor
San Francisco, California, 94104
Attention: Corporate Trust Administrator

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 Corporation. The District hereby agrees to indemnify and hold harmless the Corporation if and to the extent permitted by law, from and against all claims,

advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Trust Agreement; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Trust Agreement by the Corporation.

Section 10.14 Amendments Permitted. This Agreement and the rights and obligations of the Corporation, the District, the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement, shall have been filed with the Trustee. No such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest represented thereby, or change the method of computing the rate of interest with respect thereto, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of this Agreement without the consent of the Owners of all Certificates then Outstanding, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its respective written consent thereto.

This Agreement and the rights and obligations of the Corporation, the District and of the Owners of the Certificates may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Corporation or the District contained in this Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or the District, and which shall not adversely affect the interests of the Owners of the Certificates;

(b) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the Corporation or the District may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Certificates; and

(c) to make such other amendments or modifications as may be in the best interests of the Owners of the Certificates.

No amendment without consent of the Owners of the Certificates may modify any of the rights or obligations of the Trustee without its written consent thereto.

Section 10.15 Concerning the Trustee. MUFG Union Bank, N.A., in acting hereunder, is acting solely in its capacity as Trustee under the Trust Agreement, and in so acting, shall be entitled to all of the rights, privileges, protections, immunities and indemnities afforded to the Trustee under the Trust Agreement, as if fully set forth herein.

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

EL DORADO IRRIGATION DISTRICT

President of the Board of Directors

ATTEST

Acting Secretary

EL DORADO IRRIGATION DISTRICT
FINANCING CORPORATION

President

Acting Secretary

EXHIBIT A

THE PROJECT

The Project comprises the following described improvements to the Water System.

Components

[TO COME]

EXHIBIT B

PURCHASE PRICE

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

<i>Installment Payment Date</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
9/1/2020			
3/1/2021			
9/1/2021			
3/1/2022			
9/1/2022			
3/1/2023			
9/1/2023			
3/1/2024			
9/1/2024			
3/1/2025			
9/1/2025			
3/1/2026			
9/1/2026			
3/1/2027			
9/1/2027			
3/1/2028			
9/1/2028			
3/1/2029			
[TO COME]			
Total			

EXHIBIT C

FORM OF REQUISITION NO. ____ FOR
DISBURSEMENT FROM ACQUISITION FUND

EL DORADO IRRIGATION DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
SERIES 2020A

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting General Manager of the El Dorado Irrigation District, a political subdivision organized and existing under the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.5 of that certain Installment Purchase Agreement, dated as of June 1, 2020 (the "Installment Purchase Agreement"), by and between the District and the El Dorado Irrigation District Financing Corporation, the undersigned hereby requests the Director of Finance and Management Services of the District to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement, to the payees designated on the attached Exhibit A;

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

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

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

EL DORADO IRRIGATION DISTRICT

General Manager

EXHIBIT A

ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

ASSIGNMENT AGREEMENT

by and between

EL DORADO IRRIGATION DISTRICT FINANCING CORPORATION

and

MUFG UNION BANK, N.A.,
as Trustee

Dated as of June 1, 2020

relating to

\$ _____

**EL DORADO IRRIGATION DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020A**

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into as of June 1, 2020 by and between the El Dorado Irrigation District Financing Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation") and MUFG Union Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

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

Section 1. Assignment

The Corporation, for good and valuable consideration in hand received, does hereby sell, assign and transfer to the Trustee without recourse, for the benefit of the owners of the Revenue Certificates of Participation, Series 2020A (the "Certificates"), to be executed and delivered by the Trustee pursuant to the Trust Agreement, dated as of June 1, 2020 (the "Trust Agreement"), by and among the El Dorado Irrigation District (the "District"), the Corporation and the Trustee, all of its rights, title, and interest in the Installment Purchase Agreement, dated as of June 1, 2020 (the "Installment Purchase Agreement"), by and between the District and the Corporation including the right to receive all installment payments from the District under the Installment Purchase Agreement (but not including the right to be indemnified and the right to receive notices pursuant to the Installment Purchase Agreement), together with any and all of the other rights of the Corporation under the Installment Purchase Agreement as may be necessary to enforce payment of such installment payments when due or otherwise to protect the interests of the owners of the Certificates. The assignment herein is absolute and presently effective.

Section 2. Acceptance.

The Trustee hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such installment payments from the District under the Installment Purchase Agreement and the other rights assigned to it, subject to the terms and provisions of the Trust Agreement, and all such installment payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

Section 3. Conditions.

This Assignment Agreement shall confer no rights and shall impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement. This Assignment Agreement shall constitute a complete assignment by the Corporation of all of its rights under and pursuant to the Installment Purchase Agreement, except as otherwise provided herein.

Section 4. Concerning the Trustee. MUFG Union Bank, N.A. is executing this Assignment Agreement solely in its capacity as Trustee under the Trust Agreement, and in acting hereunder shall be entitled to all of the rights, privileges, protections, immunities and indemnities afforded to the Trustee under the Trust Agreement, as if fully set forth herein.

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

EL DORADO IRRIGATION DISTRICT
FINANCING CORPORATION

By: _____
Its: President

By: _____
Its: Acting Secretary

MUFG UNION BANK, N.A., as Trustee

By: _____
Its: Authorized Officer

TRUST AGREEMENT

by and among

MUFG UNION BANK, N.A.

as Trustee

and

EL DORADO IRRIGATION DISTRICT FINANCING CORPORATION

as Corporation

and

EL DORADO IRRIGATION DISTRICT

Dated as of June 1, 2020

Relating to

\$_____

EL DORADO IRRIGATION DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020A

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TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into as of June 1, 2020 (the “Agreement”), by and among MUFG UNION BANK, N.A., as trustee (the “Trustee”), a national banking association duly organized and existing under the laws of the United States of America, and EL DORADO IRRIGATION DISTRICT FINANCING CORPORATION, as seller, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Corporation”), and EL DORADO IRRIGATION DISTRICT, as purchaser, an irrigation district duly organized and existing under the laws of the State of California (the “District”);

WITNESSETH:

In consideration of the mutual covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION; CONTENTS OF CERTIFICATES AND OPINIONS; RECITALS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Installment Purchase Agreement:

Agreement. The term “Agreement” means this Trust Agreement, as originally executed or as it may from time to time be amended or supplemented as provided for herein.

Certificate Payment Fund. The term “Certificate Payment Fund” means the fund by that name established in Section 5.2 hereof.

Certificate Proceeds Fund. The term “Certificate Proceeds Fund” means the fund by that name established pursuant to Section 3.2.

Certificates. The term “Certificates” means the certificates of participation executed and delivered by the Trustee pursuant to this Agreement.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended.

Delivery Cost Fund. The term “Delivery Cost Fund” means the fund by that name established in Section 3.4 hereof.

Delivery Costs. The term “Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of the Certificates, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency

fees, title insurance premiums, letter of credit fees, fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

Depository or DTC. The term “Depository” or “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as Securities Depository for the Certificates.

Designated Corporate Trust Office of the Trustee. The term “Designated Corporate Trust Office of the Trustee” means the corporate trust office of the Trustee in San Francisco, California, provided that for purposes of payment, redemption, exchange, transfer, surrender and cancellation of 2020 Bonds, such term means the corporate trust office of the Trustee in Los Angeles, California, or such other office as the Trustee may from time to time designate in writing to the District and the Owners.

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system; or, in accordance with then-current guidelines of the Securities and Exchange Commission, and such other services providing information with respect to called bonds as the District may specify in a certificate to the Trustee.

Installment Payments. The term “Installment Payments” means the installment payments payable by the District pursuant to the Installment Purchase Agreement and in the amounts and at the times set forth in the Installment Purchase Agreement.

Installment Payment Date. The term “Installment Payment Date” means each date on which Installment Payments are scheduled to be paid by the District pursuant to the Installment Purchase Agreement.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of June 1, 2020, by and between the District and the Corporation, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

Interest Fund. The term “Interest Fund” means the fund by that name established in Section 5.2 hereof.

Investment Agreement. The term “Investment Agreement” means an investment agreement supported by appropriate opinions of counsel; provided the provider thereof or the guarantor thereof is rated, at the time of issuance, at least “AA” and “Aa” by S&P and Moody’s, respectively.

Letter of Representations. The term “Letter of Representations” means the letter of the District delivered to and accepted by the Depository on or prior to delivery of the Certificates as book-entry certificates setting forth the basis on which the Depository serves as depository for such book-entry certificates, as originally executed or as it may be supplemented or revised or replaced by a letter from the District delivered to and accepted by the Depository.

Moody’s. The term “Moody’s” means Moody’s Investors Service, Inc., or any successor thereto.

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.10 hereof.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 11.4) all Certificates theretofore, or thereupon being, executed and delivered by the Trustee under the Agreement except: (1) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Certificates paid or deemed to have been paid within the meaning of Section 10.1; (3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.10; and (4) Certificates paid in accordance with the last sentence of Section 2.9.

Owner; Certificate Owner. The term “Owner” or “Certificate Owner,” whenever used herein with respect to a Certificate, means the person in whose name the ownership of such Certificate is registered.

Participants. The term “Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as Securities Depository.

Payment Dates; Payment Date. The term “Payment Dates” means each March 1 and September 1, commencing September 1, 2020 and any date on which the unpaid Installment Payments are declared to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement.

Permitted Investments. The term “Permitted Investments” means any of the following obligations if and to the extent that they are permissible investments of funds of the District:

(a) Direct obligations of the United States (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (“Eximbank”)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (“FmHA”)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (“FHA”)
5. General Services Administration
Participation certificates

6. Government National Mortgage Association (“GNMA”)
 - GNMA - guaranteed mortgage-backed bonds
 - GNMA - guaranteed pass-through obligations (not acceptable for certain cash-flow sensitive issues)
7. United States Maritime Administration
 - Guaranteed Title XI financing
8. United States Department of Housing and Urban Development (“HUD”)
 - Project Notes
 - Local Authority Bonds
 - New Communities Debentures
 - United States government guaranteed debentures
 - United States Public Housing Notes and Bonds
 - United States government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
 - Senior debt obligations
2. Federal Home Loan Mortgage Corporation (“FHLMC”)
 - Participation Certificates
 - Senior debt obligations
3. Federal National Mortgage Association (“FNMA”)
 - Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (“SLMA”)
 - Senior debt obligations
5. Resolution Funding Corporation obligations
6. Farm Credit System
 - Consolidated system-wide bonds and notes

(d) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAA-m” or “AA-m” and if rated by Moody’s rated “Aaa,” “Aa1” or “Aa2,” including funds for which the Trustee or any of its affiliates (including any holding company, subsidiaries, or other affiliates) provides investment advisory or other management services, provided such funds satisfy the criteria contained in this Agreement, but excluding any such funds which have a floating net asset value.

(e) Certificates of deposit secured at all times by collateral described in clauses (a) and/or (b) above. Such certificates must be issued by commercial banks (including affiliates of the

Trustee), savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the FDIC, or secured at all times by collateral described in clauses (a) and/or (b) above.

(g) Investment Agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements.

(h) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest Rating Categories assigned by such agencies.

(j) Federal funds or bankers' acceptances with a maximum term of one year of any bank (including those of the Trustee and its affiliates) which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(k) Repurchase agreements for thirty (30) days or less must follow the following criteria. Repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; and:

1. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm;

A. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and Moody's; or

B. Banks rated "A" or above by S&P and Moody's.

2. The written repurchase agreements contract must include the following:

A. Securities which are acceptable for transfer are:

(1) Direct United States governments, or

(2) Federal agencies backed by the full faith and credit of the United States government (and FNMA & FHLMC)

B. The term of a repurchase agreement may be up to thirty (30) days

C. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

D. Valuation of Collateral

(1) The securities must be valued weekly, marked to market at current market price plus accrued interest.

(2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(3) A legal opinion must be delivered to the municipal entity to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds.

(l) Any state administered pool investment fund in which the District is statutorily permitted or required to invest will be deemed a permitted investment, including, but not limited to the Local Agency Investment Fund in the treasury of the State.

(m) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice:

(1) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s, S&P or any successors thereto; or

(2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraphs (a) or (b) above, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized firm of independent certified public accountants, to pay principal and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

Prepayment Fund. The term “Prepayment Fund” means the fund by that name established in Section 5.2 hereof.

Prepayment Price. The term “Prepayment Price” means the principal amount with respect to any Certificate (or portion thereof) plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and this Agreement.

Principal Fund. The term “Principal Fund” means the fund by that name established in Section 5.2 hereof.

Rebate Fund. The term “Rebate Fund” means the fund by that name established for the Certificates pursuant to Section 5.6.

Record Date. The term “Record Date” means, with respect to any Payment Date, the fifteenth (15th) day of the calendar month preceding such Payment Date, whether or not such day is a Business Day.

S&P. The term “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

Securities Depositories. The term “Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a Written Request of the District delivered to the Trustee.

Special Counsel. The term “Special Counsel” means any attorney at law or firm of attorneys selected by the District, of nationally-recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

Statement of the Corporation or District. The term “Statement of the Corporation or District” means a statement signed by or on behalf of (i) the Corporation by its President or a Vice President or (ii) the District by the President and by the Secretary or by any two persons (whether or not members of the Board of Directors) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf. If and to the extent required by the provisions of Section 1.3, each Statement of the Corporation or District shall include the statements provided for in Section 1.3.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the Certificates executed by and delivered to the District on the date of execution and delivery of the Certificates, including any and all exhibits attached thereto.

Trustee. The term “Trustee” means MUFG Union Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, or its successor as Trustee hereunder, as provided in Section 8.3.

Section 1.2 Rules of Construction. Words of any gender shall be deemed and construed to include all genders, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa.

Section 1.3 Content of Statements and Opinions. Every statement or opinion with respect to compliance with a condition or covenant provided for in this Agreement, including each Statement of the Corporation, shall include (a) a statement that the person or persons making or giving such statement or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the

statements or opinions contained in such statement or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such statement or opinion made or given by an officer of the Corporation may be based, insofar as it relates to legal or accounting matters, upon a statement or opinion of or representations by counsel, accountants or consultants, unless such officer knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his statement or opinion may be based, as aforesaid, are erroneous. Any such statement or opinion made or given by counsel, accountants or consultants may be based, insofar as it relates to factual matters, upon information with respect to which is in the possession of the Corporation, or upon the statement or opinion of or representations by an officer or officers of the Corporation, unless such counsel, accountant or consultant knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous.

Section 1.4 Recitals.

(a) Installment Purchase Agreement. The Corporation has agreed to assist the District in financing the Project.

(b) Installment Payments. Under the Installment Purchase Agreement, the District is obligated to pay to the Corporation or its assigns Installment Payments for the purchase of the Project.

(c) Assignment Agreement. For the purpose of obtaining the moneys required to be deposited by the Corporation with the Trustee, and for the purpose of securing the obligations of the Corporation hereunder, the Corporation has assigned and transferred certain of its rights under the Installment Purchase Agreement to the Trustee, pursuant to the Assignment Agreement; and in consideration of such assignment and the execution of this Agreement, the Trustee has agreed to execute and deliver certificates of participation, each evidencing an interest in the Installment Payments in an aggregate amount equal to the aggregate principal amount of certificates of participation so executed and delivered.

(d) Conditions Precedent Satisfied. The District and the Corporation hereby certify that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Agreement.

ARTICLE II

CERTIFICATES; TERMS AND PROVISIONS

Section 2.1 Preparation of Certificates. The Trustee is hereby authorized to execute certificates of participation, to be denominated "Revenue Certificates of Participation, Series 2020A"

in an aggregate principal amount of \$_____ evidencing undivided interests in Installment Payments to be paid by the District under the Installment Purchase Agreement.

Section 2.2 Denominations; Medium and Place of Payment; Dating. The Certificates shall be delivered in the form of fully registered Certificates and in the denomination of \$5,000 each or any integral multiple thereof; provided that no Certificate shall have principal represented thereby maturing in more than one year.

The principal and Prepayment Price with respect to the Certificates shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the Designated Corporate Trust Office of the Trustee. Interest with respect to the Certificates shall be payable by check of the Trustee mailed by first class mail on each Payment Date of the Certificates to the respective Certificate Owners of record thereof as of the close of business on the Record Date at the addresses shown on the books required to be kept pursuant to Section 2.8 or, upon the written request received by the Trustee of an Owner of at least \$1,000,000 in aggregate principal amount of the Certificates, by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date.

The Certificates shall be dated as of the date of initial delivery thereof. Interest with respect to the Certificates shall be payable from the Payment Date preceding their date of execution, unless such date shall be after a Record Date and on or before the succeeding Payment Date, in which case interest shall be payable from such Payment Date or unless such date shall be on or before the first Record Date, in which case interest shall be payable as of the date of initial delivery thereof provided, however, that if, as shown by the records of the Trustee, interest represented by the Certificates shall be in default, Certificates executed in exchange for Certificates surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to the Certificates, or, if no interest has been paid or duly provided for with respect to the Certificates, as of the date of initial delivery thereof.

Section 2.3 Payment of Principal and Interest with Respect to Certificates.

(a) The Certificates shall become payable on March 1 in the years and in the amounts and with an interest component as provided in subsection (b) below at the rates, as follows:

<i>Payment Date (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

Principal or Prepayment Price with respect to the Certificates at maturity or prepayment thereof shall, to the extent of the aggregate principal amount stated upon the Certificates, represent the sum of those portions of the Installment Payments designated as principal coming due on the Installment Payment Dates immediately preceding March 1 in each year. Interest with respect to the Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(b) Interest with respect to the Certificates shall be payable on each Interest Payment Date to and including the date of maturity or prior prepayment. Said interest shall represent the sum of those portions of the Installment Payments designated as interest coming due on the Installment Payment Dates, at the rates set forth in subsection (a) above.

Section 2.4 Form of Certificates. The Certificates and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Agreement.

Section 2.5 Execution. The Certificates shall be executed by and in the name of the Trustee, as trustee under this Agreement, by the manual signature of an authorized officer or signatory of the Trustee.

Section 2.6 Transfer of Certificates. Any Certificate may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.8, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Certificate for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form satisfactory to the Trustee.

Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may charge a sum for each new Certificate executed and delivered upon any transfer. The Trustee may require the payment by any Certificate Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Certificates the Trustee shall cancel and dispose of the Certificates it has received, in accordance with its then customary practices.

Section 2.7 Exchange of Certificates. Certificates may be exchanged at the Designated Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. The Trustee may charge a sum for each new Certificate executed and delivered upon any exchange except in the case of any exchange of temporary Certificates for definitive Certificates. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Certificates the Trustee shall cancel and dispose of the Certificates it has received in accordance with its then customary practices.

The Trustee shall not be required to register the exchange, or transfer pursuant to Section 2.6 hereof, of any Certificate (i) within fifteen (15) days preceding selection of Certificates for prepayment or (ii) selected for prepayment.

Section 2.8 Certificate Registration Books. The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Certificates, which shall upon reasonable prior written notice and at all reasonable times be open to inspection by the Corporation or the District; and, upon presentation for such purpose, the Trustee shall, under then customary and standard regulations, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

The person in whose name any Certificate shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest with respect to and principal of, and Prepayment Price represented by such Certificate shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such Certificate to the extent of the sum or sums so paid.

Section 2.9 Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee shall execute and deliver a new Certificate of like tenor, maturity and principal amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated.

Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and disposed of, in accordance with its then customary practices. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given indemnifying the Trustee, the Corporation and the District, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and maturity in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate executed under this Section and of the expenses which may be incurred by the Trustee under this Section. Any Certificate executed under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Agreement with all other Certificates secured by this Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate for a Certificate which has been mutilated, lost, destroyed or stolen and which has matured or has been

selected for prepayment, the Trustee may, at the written direction of the District, make payment of such Certificate upon receipt of indemnity satisfactory to the Trustee.

Section 2.10 Book-Entry System.

(a) Election of Book-Entry System. Prior to the execution and delivery of the Certificates, the District may provide that such Certificates shall be initially executed and delivered as book-entry Certificates. If the District shall elect to deliver any Certificates in book-entry form, then the District shall cause the delivery of a separate single fully registered certificate (which may be typewritten) for each maturity date of such Certificates in an authorized denomination corresponding to that total principal amount of the Certificates designated to mature on such date. Upon initial execution and delivery, the ownership of each such Certificate shall be registered in the Certificate registration books in the name of the Nominee, as nominee of the Depository and ownership of the Certificates, or any portion thereof may not thereafter be transferred except as provided in Section 2.10(e).

With respect to book-entry Certificates, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Certificates. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Certificates, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Certificate registration books, of any notice with respect to book-entry Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Certificates to be prepaid in the event the District prepays the Certificates in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest with respect to book-entry Certificates. The District and the Trustee may treat and consider the person in whose name each book-entry Certificate is registered in the Certificate registration books as the absolute Owner of such book-entry Certificate for the purpose of payment of principal, premium, if any, and interest with respect to such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest with respect to the Certificates only to or upon the order of the respective Owner, as shown in the Certificate register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest evidenced and represented by the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Certificate registration books, shall receive a Certificate evidencing the obligation to make payments of principal, premium, if any, and interest evidenced and represented by the Certificates. Upon delivery by the Depository to the Owner and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Agreement shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book-entry Certificates for the Depository's book-entry system, if no Letter of Representations has been filed previously, the District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District any obligation whatsoever with respect to persons having interests in such book-entry Certificates other

than the Owners, as shown on the Certificate registration books. By executing a Letter of Representations, the District shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District shall take such other actions, not inconsistent with this Agreement, as are reasonably necessary to qualify Book-Entry Certificates for the Depository's book-entry program.

(c) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Certificates, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Certificates or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Certificate for each of the maturity dates of such book-entry Certificates, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Certificates shall no longer be restricted to being registered in such Certificate register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Certificates shall designate, in accordance with the provisions of Sections 2.6 and 2.7 hereof.

(d) Payments To Depository. Notwithstanding any other provision of this Agreement to the contrary, so long as all Outstanding Certificates are held in book-entry form and registered in the name of the Nominee, all payments with respect to principal, prepayment premium, if any, and interest with respect to such Certificate and all notices with respect to such Certificate shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of Certificates to Substitute Depository.

(i) The Certificates shall be initially executed and delivered as provided in Section 2.1 hereof. Registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.10(e) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository,

or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.10(e), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the District to the Trustee designating the Substitute Depository, a single new Certificate, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Certificates then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.10(e), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the District to the Trustee, new Certificates, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, subject to the limitations of Section 2.1 hereof, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(iii) In the case of a partial prepayment or an advance refunding of any Certificates evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) The District and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of this Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Certificates. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Certificates, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Certificates.

ARTICLE III

DELIVERY OF CERTIFICATES; DELIVERY COST FUND

Section 3.1 Delivery of Certificates. The Trustee is hereby authorized to execute and deliver Certificates in an aggregate principal amount of \$_____ upon the Written Order of the District.

Section 3.2 Application of Proceeds of Certificates and Certain Other Moneys. The proceeds received from the sale of the Certificates [(other than \$_____ paid by the initial purchasers of the Certificates directly to the Insurer)] shall be deposited with the Trustee in the Certificate Proceeds Fund, which the Trustee shall establish, maintain and hold in trust as a separate fund and shall further deposit \$_____ into the Delivery Cost Fund and transfer \$_____ to, or at the written direction of, the District for deposit in the Acquisition Fund to pay the cost of the acquisition of the Project. The Trustee shall close the Certificate Proceeds Fund, after such allocations

have been made, on the Closing Date. The Trustee may establish temporary funds or accounts in its records in order to record and facilitate such deposits and transfer.

Section 3.3 Validity of Certificates. The validity of the execution and delivery of the Certificates is not dependent on and shall not be affected in any way by any proceedings taken by the District, the Corporation or the Trustee with respect to or in connection with the Installment Purchase Agreement. The recital contained in the Certificates that all acts, conditions and things required by the Constitution and statutes of the State of California and this Agreement to exist, to have happened and to have been performed precedent to and in the delivery thereof do exist, have happened and have been performed in due time, form and manner as required by law shall be conclusive evidence of their validity and of compliance with the provisions of law in their delivery.

Section 3.4 Delivery Cost Fund. There is hereby established with the Trustee the Delivery Cost Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it. The moneys in the Delivery Cost Fund shall be used and withdrawn by the Trustee to pay Delivery Costs upon submission of Written Requisitions of the District, in the form attached hereto as Exhibit B stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the date of this Agreement, or upon the earlier Written Request of the District, all amounts remaining in the Delivery Cost Fund shall be transferred by the Trustee for deposit in the Certificate Payment Fund.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

Section 4.1 Terms of Prepayment.

(a) The Certificates shall be subject to extraordinary prepayment prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee at least sixty (60) days prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Installment Payments made by the District from Net Proceeds, upon the terms and conditions of, and as provided for in, Section 6.10 of this Agreement, and Sections 6.9 and 6.15 of the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

(b) The Certificates with stated maturities on or after March 1, 20__ are subject to prepayment prior to such stated maturity, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee not more than sixty (60) days nor less than twenty (20) days prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20__, from amounts prepaid by the District pursuant to the Installment Purchase Agreement at a Prepayment Price equal to the principal amount of such Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment without premium.

(c) The Certificates with a stated maturity on March 1, 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on each March 1 on and after

March 1, 20__ in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

Redemption Date
(March 1)

Principal Amount

(maturity)

Section 4.2 Selection of Certificates for Prepayment. Whenever less than all of the Certificates are called for prepayment, the Trustee shall select the Certificates or portions thereof to be prepaid from the Outstanding Certificates in accordance with Section 4.01 hereof. The Trustee shall promptly notify the District in writing of the numbers of the Certificates or portions thereof so selected for prepayment. In the event the term Certificates are designated for prepayment, the District may designate which sinking account payments are allocated to such prepayment.

Section 4.3 Notice of Prepayment. Notice of prepayment shall be mailed, first class postage prepaid, to the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books and to the Information Services and by registered or certified or overnight mail to the Securities Depositories at least thirty (30) days but not more than sixty (60) days prior to the prepayment date.

Each notice of prepayment shall state the date of notice, the prepayment date, the place or places of prepayment and the Prepayment Price, shall designate the maturities, CUSIP numbers, if any, and, if less than all Certificates of any such maturity are to be prepaid, the serial numbers of the Certificates of such maturity to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment and, in the case of Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on said date there will become due and payable with respect to each of said Certificates the Prepayment Price thereof or of said specified portion of the principal represented thereby in the case of a Certificate to be prepaid in part only, together with interest accrued with respect thereto to the prepayment date, and that (provided that moneys for prepayment have been deposited with the Trustee) from and after such prepayment date interest with respect thereto shall cease to accrue, and shall require that such Certificates be then surrendered to the Trustee. Any defect in the notice or the mailing thereof will not affect the validity of the prepayment of any Certificate.

Notice of prepayment of Certificates shall be given by the Trustee on behalf of and at the expense of the District.

Section 4.4 Partial Prepayment of Certificate. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same maturity.

Section 4.5 Effect of Prepayment. When notice of prepayment has been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Certificates (or portions thereof) so called for prepayment are held by the Trustee, the Certificates (or portions thereof) so called for prepayment shall, on the prepayment date designated in such notice, become due and payable at the Prepayment Price specified in such notice and interest accrued thereon to the prepayment date; and from and after the prepayment date interest represented by the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under this Agreement, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Certificates prepaid pursuant to the provisions of this Article shall be canceled upon surrender thereof and disposed of by the Trustee, in accordance with its then customary practices.

ARTICLE V

INSTALLMENT PAYMENTS

Section 5.1 Pledge and Deposit of Installment Payments. The Installment Payments are hereby irrevocably pledged to, and shall be used for, the punctual payment of the Certificates, and the Installment Payments shall not be used for any other purpose while any of the Certificates remain Outstanding. This pledge shall constitute a first and exclusive lien on the Installment Payments in accordance with the terms hereof.

All Installment Payments to which the Corporation may at any time be entitled (including income or profit from investments pursuant to Section 5.3) shall be paid directly to the Trustee pursuant to the terms of the Assignment Agreement, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one (1) Business Day after the receipt thereof, and the Trustee shall deposit all Installment Payments as and when received in the Certificate Payment Fund. All moneys at any time deposited in the Certificate Payment Fund shall be held by the Trustee in trust for the benefit of the Owners from time to time of the Certificates, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes herein set forth.

Section 5.2 Certificate Payment Fund. There is hereby established with the Trustee the Certificate Payment Fund which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Installment Payments remain unpaid. All moneys on deposit in the Certificate Payment Fund (including income or profit from investments) shall be retained therein except as expressly provided herein.

The Trustee shall transfer from the Certificate Payment Fund the following amounts at the times and in the manner hereinafter provided, and shall deposit such amounts in one or more of the following respective funds, each of which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it, and each of which shall be disbursed and applied only as hereinafter authorized. Such amounts shall be so transferred to and deposited in the following respective funds in the following order of priority, the requirements of each such fund at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

(a) Interest Fund. The Trustee, on the last Business Day before each Interest Payment Date (commencing on the last Business Day of February, 2021), shall deposit in the Interest

Fund an amount representing the portion of the Installment Payments designated as interest coming due on the next succeeding March 1 or September 1, as the case may be. No deposit need be made into the Interest Fund so long as there shall be in such fund moneys sufficient to pay the interest portion of Certificates then Outstanding due, if any, on the next March 1 or September 1, as the case may be.

Except as hereinafter provided, moneys in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest with respect to the Certificates when due and payable (including accrued interest with respect to any Certificates prepaid prior to maturity pursuant to this Agreement).

(b) Principal Fund. The Trustee, on the last Business Day before each March 1 (commencing on the last Business Day of February, 2021), shall deposit in the Principal Fund an amount equal to the principal coming due with respect to the Certificates on the next succeeding March 1. No deposit need be made into the Principal Fund so long as there shall be in such fund moneys sufficient to pay the portion of all Certificates then Outstanding designated as principal and coming due on the next succeeding March 1.

Except as hereinafter provided, moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal with respect to the Certificates when due and payable.

(c) Prepayment Fund. Moneys to be used for prepayment pursuant to Section 4.1 hereof and paid by the District pursuant to Section 7.1 of the Installment Purchase Agreement shall be transferred by the Trustee from the Certificate Payment Fund (such Prepayment Fund to be opened by the Trustee, as needed, and upon receipt of written request of the Trustee from the District) and deposited in the Prepayment Fund on the prepayment date specified in the Written Request of the District filed with the Trustee pursuant to Section 7.2 of the Installment Purchase Agreement. Said moneys shall be set aside in the Prepayment Fund solely for the purpose of prepaying the Certificates in advance of their respective stated maturities and shall be applied on or after the date specified for prepayment pursuant to Section 4.1 hereof to the payment of the Prepayment Price with respect to the Certificates to be prepaid upon presentation and surrender of such Certificates.

Section 5.3 Investment of Moneys in Special Funds. Any moneys in the Delivery Cost Fund, the Certificate Payment Fund, the Interest Fund, the Principal Fund and the Prepayment Fund shall be invested by the District or, upon the Written Request of the District, by the Trustee, in Permitted Investments which will mature on or before the dates when such moneys are scheduled to be needed for payment from such fund. Securities acquired as an investment of moneys in a fund shall be credited to such fund.

In the absence of written investment direction from the District, the Trustee shall invest moneys held by it solely in Permitted Investments specified in clause (d) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the District specifying a specific money market fund and, if no such written direction from the District is so received, the Trustee shall hold such moneys uninvested. Except as otherwise expressly provided herein, investments shall be valued by the Trustee, as directed in a written Request of the District at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding

annual valuation date. The Trustee shall also value investments hereunder in connection with the refunding or prepayment of the Certificates as directed in a Written Request of the District.

Subject to the further provisions of Section 6.3 hereof, the Trustee may sell or present for prepayment any obligations so purchased at the written direction of the District whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any losses, fees, taxes or other charges resulting from such investment, reinvestment or liquidations of investments made pursuant to this Section. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fee therefor. The Trustee may commingle any of the funds or accounts established pursuant to this Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling.

Section 5.4 Reserved.

Section 5.5 Pledge of Moneys in Funds. All amounts on deposit in the Delivery Cost Fund, the Certificate Payment Fund, the Interest Fund, the Principal Fund and the Prepayment Fund are hereby irrevocably pledged to the Owners of the Certificates as provided herein. This pledge shall constitute a first and exclusive lien on the Delivery Cost Fund, the Certificate Payment Fund, the Interest Fund, the Principal Fund and the Prepayment Fund for the benefit of the Owners of the Certificates in accordance with the terms hereof and of the Installment Purchase Agreement.

Section 5.6 Rebate Fund.

(a) Establishment. The Trustee shall establish a separate account, as necessary, for the Certificates designated the “Rebate Fund” (to be opened by the Trustee, as needed, and upon receipt of written request by the Trustee from the District). Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates will not be adversely affected, the District shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Certificates shall be governed by this Section and the Tax Certificate for the Certificates, unless and to the extent that the District delivers to the Trustee an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates will not be adversely affected if such requirements are not satisfied. The Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if the Trustee follows the directions of the District and the Trustee shall have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the District with the Tax Certificate or the provisions of this Section.

(i) Annual Computation. Within fifty-five (55) days of the end of each Certificate Year (as such term is defined in the Tax Certificate), the District shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating

the last day of the applicable Certificate Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “Rebatable Arbitrage”). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within fifty-five (55) days of the end of each Certificate Year, upon the written Request of the District, an amount shall be deposited to the Rebate Fund by the Trustee from any Revenues legally available for such purpose (as specified by the District in the aforesaid written Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written Request of the District, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by written Request of the District, to the United States Treasury, out of amounts in the Rebate Account,

(A) Not later than sixty (60) days after the end of (X) the fifth Certificate Year, and (Y) each applicable fifth Certificate Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Certificate Year; and

(B) Not later than sixty (60) days after the payment of all the Certificates, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Certificate Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Certificates and the payments described in subsection (a) above being made may be withdrawn by the District and utilized in any manner by the District.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Certificates.

ARTICLE VI

COVENANTS

Section 6.1 Corporation and District to Perform Under Installment Purchase Agreement. The Corporation and District covenant and agree with the Owners of the Certificates to perform all

obligations and duties imposed on them under the Installment Purchase Agreement and, together with the Trustee, to enforce such Installment Purchase Agreement against the other party thereto in accordance with its terms.

The Corporation and the District will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Installment Purchase Agreement to be kept, performed and complied with by it.

The Corporation and the District agree not to do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Purchase Agreement.

Section 6.2 Budgets. On or prior to the fifteenth day of each Fiscal Year, the District shall certify to the Trustee that the amounts budgeted for payment of Installment Payments are fully adequate for the payment of all Installment Payments due under the Installment Purchase Agreement for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of Installment Payments due under the Installment Purchase Agreement, the District will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the District in the then ensuing Fiscal Year for the payment of Installment Payments due under the Installment Purchase Agreement and will notify the Trustee in writing of the proceedings then taken or proposed to be taken by the District.

Section 6.3 Tax Covenants. Notwithstanding any other provision of this Agreement, and except as may otherwise be approved by an opinion of Special Counsel that the exclusion from gross income of the portion of interest with respect to the Certificates will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the Certificates and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Certificates or of any other moneys or property which would cause the Certificates to be “private activity bonds” within the meaning of Section 141 of the Code necessary to preserve the exclusion of interest with respect to the Certificates pursuant to Section 103(a) of the Code.

(b) Arbitrage. The District will make no use of the proceeds of the Certificates or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The District will make no use of the proceeds of the Certificates or take or omit to take any action that would cause the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

(e) Hedge Bonds. The District will make no use of the proceeds of the Certificates or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Certificates to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest with respect to the Certificates for federal income tax purposes.

(f) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the District in connection with the execution and delivery of the Certificates and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District from issuing other Bonds or Contracts the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.

Section 6.4 Accounting Records and Reports. The Trustee shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions made by it relating to the receipts, disbursements, allocation and application of the Installment Payments, and such books shall be available upon reasonable prior written notice for inspection by the District and by any Owner of Certificates, or his or her agent or representative, at reasonable hours and under reasonable conditions. Each month, so long as the Certificates are Outstanding, the Trustee shall furnish to the District a statement covering receipts, disbursements, allocation and application of amounts on deposit in the funds and accounts created hereunder held by it, which include detail for all investment transactions effected by the Trustee and brokers selected by the District. Upon the District’s election, such statements will be delivered via the Trustee’s Online Trust and Custody service and paper statements will be provided only upon request. The District acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grants the District the right to receive brokerage confirmations of security transactions as such transactions occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon written Request at no additional cost and other trade confirmations may be obtained from the applicable broker.

Section 6.5 Compliance with Trust Agreement. The Trustee will not execute, or permit to be executed, any Certificates in any manner other than in accordance with the provisions of this Agreement, and the District will not suffer or permit any default by it to occur under this Agreement, but will faithfully observe and perform all the covenants, conditions and requirements hereof.

Section 6.6 Observance of Laws and Regulations. To the extent necessary to assure their performance hereunder, the Corporation and the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Corporation or the District, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 6.7 Compliance with Contracts. The District shall comply with the terms, covenants and provisions, express or implied, of all contracts for the use of the Project by the District, and all other contracts and agreements affecting or involving the Project to the extent that the District is a party thereto.

Section 6.8 Prosecution and Defense of Suits. The District shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Revenues or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee (including all of its employees, officers and directors), the Corporation and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees and expenses, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The District shall defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) or the Corporation upon any claim arising out of the receipt, application or disbursement of any of the Installment Payments or involving the rights of the Trustee or the Corporation under this Agreement; provided that the Trustee or the Corporation at such party's election may appear in and defend any such suit, action or proceeding. The District shall indemnify and hold harmless the Trustee or the Corporation against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the Trustee against any attorneys' fees or other expenses which the Trustee may incur in connection with any litigation (including pre-litigation activities) to which it may become a party by reason of serving as Trustee under this Agreement. The District shall promptly reimburse the Corporation or Trustee in the full amount of any attorneys' fees or other expenses which the Corporation or the Trustee may incur in litigation or otherwise in order to enforce such party's rights under this Agreement or the Certificates, provided that such litigation shall be concluded favorably to such party's contentions therein.

Section 6.9 Recordation and Filing. The Trustee, upon written Request of the District, shall have authorization, but not the obligation, to record, register, file, renew, refile and re-record all such documents, including continuation statements and any amendments thereto, as may be required by law in order to maintain a security interest in this Agreement and the Assignment Agreement, all in such manner, at such times and in such places as may be required by, and to the extent permitted by, law in order fully to preserve, protect and perfect the security of the Certificate Owners and the rights and security interests of the Trustee. The Trustee, upon written direction of the District, shall (subject to Section 8.5) do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of this Agreement and the Assignment Agreement.

Notwithstanding anything to the contrary above, the Trustee shall have no duty or liability whatsoever to monitor or notify any party with respect to the timeliness, sufficiency or validity of any such recording, re-recording, filing of continuation statements and the like with respect to this Agreement.

Section 6.10 Eminent Domain. If all or any part of the Project shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner specified in Section 6.15 of the Installment Purchase Agreement.

Section 6.11 Further Assurances. Whenever and so often as requested so to do by the Trustee or any Certificate Owner, the Corporation and the District will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Certificate Owners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Agreement.

ARTICLE VII

DEFAULT AND LIMITATION OF LIABILITY

Section 7.1 Notice of Non-Payment. In the event of delinquency in the payment of any Installment Payments due by the District pursuant to the Installment Purchase Agreement, the Trustee shall, after one (1) Business Day following the date upon which such delinquent Installment Payment was due, as soon as practicable give written notice of the delinquency and the amount of the delinquency to the District and the Corporation.

Section 7.2 Action on Default or Termination. Upon the occurrence of an Event of Default (as that term is defined in the Installment Purchase Agreement), which event shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of Certificates at the time Outstanding shall be entitled, upon notice in writing to the District, to exercise the remedies provided to the Corporation in the Installment Purchase Agreement.

Upon declaration of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately and provided such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement, the Trustee shall apply all moneys received as Installment Payments and all moneys held in any fund or account hereunder to the payment of the entire principal amount of the Certificates and the accrued interest with respect thereto, with interest with respect to the overdue Certificates at the rate or rates of interest or yields-to-maturity applicable to the Certificates if paid in accordance with their terms.

Section 7.3 Other Remedies of the Trustee. The Trustee may:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any board member, officer or employee thereof, and to compel the District or any such board member, officer or employee to perform or carry out his or her duties under law 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 Trustee; or

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

Section 7.4 Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee 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

Trustee 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 Trustee by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

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

Section 7.5 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee 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 any law.

Section 7.6 No Obligation by the District to Owners. Except for the payment of Installment Payments when due in accordance with the Installment Purchase Agreement and the performance of the other covenants and agreements of the District contained in said Installment Purchase Agreement and herein, the District shall have no obligation or liability to the Owners of the Certificates with respect to this Agreement or the execution, delivery or transfer of the Certificates, or the disbursement of Installment Payments to the Owners by the Trustee; provided however that nothing contained in this Section shall affect the rights, duties or obligations of the Trustee expressly set forth herein.

Section 7.7 Trustee Appointed Agent for Certificate-Owners: Direction of Proceedings. The Trustee is hereby appointed the agent and attorney of the Owners of all Certificates outstanding hereunder for the purpose of filing any claims relating to the Certificates. The Owners of a majority in aggregate principal amount of the Certificates Outstanding hereunder shall, upon tender to the Trustee of indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such direction, have the right to direct the method and place of conducting all remedial proceedings by the Trustee, provided such direction shall be in accordance with law and the provisions of this Agreement and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Certificate-owners not parties to such a direction.

Section 7.8 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own reasonable judgment or upon the request of the Owners of a majority in aggregate principal amount of the Certificates then outstanding pursuant to Section 7.7 hereof, it shall have full power, in the exercising of its rights hereunder for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of, any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Certificates Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 7.9 Limitation on Certificate-Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

The right of any Owner of any Certificate to receive payment of the principal of (and premium, if any) and interest with respect to such Certificate, as herein provided, on and after the respective due dates expressed in such Certificate, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or Section 7.10 or any other provision of this Agreement.

Section 7.10 No Obligation with Respect to Performance by Trustee. Neither the District nor the Corporation shall have any obligation or liability to any of the other parties hereto or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Agreement.

Section 7.11 No Liability to Owners for Payment. The Corporation shall not have any obligation or liability to the Owners of the Certificates with respect to the payment of the Installment Payments by the District when due, or with respect to the performance by the District of any other covenant made by it in the Installment Purchase Agreement or herein. Except as provided in this Agreement, the Trustee shall not have any obligation or liability to the Owners of the Certificates with respect to the payment of the Installment Payments by the District when due, or with respect to the performance by the District of any other covenant made by it in the Installment Purchase Agreement or herein.

Section 7.12 No Responsibility for Sufficiency. The Trustee shall not be responsible for the sufficiency of this Agreement, the Installment Purchase Agreement, or of the assignment made to it by the Assignment Agreement of rights to receive Installment Payments pursuant to the Installment Purchase Agreement, or the value of or title to the Project. The Trustee shall not be responsible or liable for selection or liquidation of investments or any losses, fees, taxes or other charges suffered in connection with any investment of funds, reinvestments or liquidations of investments made by it under the terms of and in accordance with this Agreement.

Section 7.13 Indemnification of Trustee. The District shall indemnify the Trustee (including all of its employees, officers and directors) and hold it harmless against any loss, claim, liability, expenses or advances, including but not limited to fees and expenses of counsel and other experts, incurred or made without negligence or willful misconduct on the part of the Trustee, (i) in the exercise and performance of any of the powers and duties hereunder or under the Installment Purchase Agreement by the Trustee, (ii) relating to or arising out of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof, or (iii) arising out of or relating to any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Certificates, including the costs and expenses of defending itself against any claim of liability arising under this Agreement. Such indemnity shall survive payment of the Certificates and discharge of this Agreement or resignation or removal of the Trustee.

ARTICLE VIII

THE TRUSTEE

Section 8.1 Employment of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the District hereby agrees to employ the Trustee to receive, hold, invest and disburse the moneys received pursuant to the Installment Purchase Agreement for credit to the various funds and accounts established by this Agreement; to execute, deliver and transfer the Certificates; and to apply and disburse the Installment Payments received from the District to the Owners of Certificates; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Agreement.

Section 8.2 Acceptance of Employment. In consideration of the compensation herein provided for, the Trustee accepts the employment above referred to subject to the terms and conditions of this Agreement.

Section 8.3 Trustee: Duties, Removal and Resignation. By executing and delivering this Agreement, the Trustee accepts the duties and obligations of the Trustee provided in this Agreement, but only upon the terms and conditions set forth in this Agreement.

The District may, by written request to the Trustee, remove the Trustee and appoint a successor Trustee; provided, however, that if the District is in default under the Installment Purchase Agreement, the Owners of a majority in aggregate principal amount of all Certificates Outstanding may, by written request to the Trustee, remove the Trustee and appoint a successor Trustee. Any such successor shall be a bank or trust company doing business and having a corporate trust office in California, which has (or the parent holding company of which has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the District and by giving to the Certificate Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of removal, resignation or termination, the District shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the District does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may at the expense of the District petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon written acceptance of appointment by the successor Trustee.

Section 8.4 Compensation of the Trustee. The District shall from time to time, subject to any agreement in effect with the Trustee, pay to the Trustee compensation for its services and shall reimburse the Trustee (including all of its employees, officers and directors) for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. Such compensation and reimbursement shall be paid by the District; provided, however, that the Trustee shall not otherwise have any claims, except in accordance with Section 7.13 hereof and Section 8.2 of the Installment Purchase Agreement, or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder but may take whatever legal actions are lawfully available to it directly against the District. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Certificates and discharge of this Agreement.

Section 8.5 Protection of the Trustee. The Trustee shall be protected and shall incur no liability whatsoever in acting or refraining from acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of this Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at the request of any such person unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee. The Trustee may consult with counsel of its selection with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

Whenever in the administration of its duties under this Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by a certificate of the Corporation or the District and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Agreement upon the faith thereof, but the Trustee may (but shall have no duty), in lieu thereof, accept other evidence of such matter or may require such additional evidence as shall be necessary.

The Trustee may buy, sell, own, hold and deal in any of the Certificates provided pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect

as if the Trustee were not a party to this Agreement. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the District, and may act as depository, trustee, or agent for any committee or body of Owners of Certificates or of obligations of the Corporation or the District as freely as if it were not Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel of its selection concerning all matters of trust and its duties hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Agreement or in the performance of its duties hereunder or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

The recitals, statements and representations by the District or the Corporation contained in this Agreement or in the Certificates shall be taken and construed as made by and on the part of the District or Corporation and not by the Trustee and the Trustee does not assume, and shall not have, any responsibility or obligations for the correctness of any thereof.

The Trustee undertakes to perform such duties, and only such duties as are specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Trustee.

No provision in this Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the District or the Corporation having any claim against the Trustee arising from this Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District or the Corporation of the Project. In no event shall the Trustee be liable for incidental, indirect, special, punitive or consequential damages in connection with or arising from the Installment Purchase Agreement or this Agreement for the existence, furnishing or use of the Project.

The Trustee shall not be deemed to have knowledge or notice (in each case either actual or constructive) of any Event of Default hereunder or under the Installment Purchase Agreement unless and until it shall have actual knowledge thereof or have received written notice thereof at its Designated Corporate Trust Office at the address set forth in Section 11.11 hereof. The Trustee shall, during the existence of any Event of Default (which has not been cured) use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. The Trustee shall, prior to an Event of Default, and after the curing or waiving of

all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Agreement, and no implied covenants or duties shall be read into this Agreement against the Trustee.

The Trustee shall not be accountable for the use or application by the District, or the Corporation or any other party of any funds which the Trustee has released in accordance with the terms of this Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in the Trustee by this Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Agreement unless such Owners shall have offered to the Trustee indemnity satisfactory to it against the costs, claims, expenses and liabilities which may be incurred therein or thereby.

Section 8.6 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 8.3 hereof), shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE IX

AMENDMENT OF TRUST AGREEMENT

Section 9.1 Amendments Permitted.

(a) This Agreement and the rights and obligations of the District and of the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 11.4 hereof, shall have been filed, provided, however, that no such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest or yields-to-maturity, as the case may be, represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the Owner of each Certificate so affected, or (2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of this Agreement, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

(b) This Agreement and the rights and obligations of the Corporation and the District and of the Owners of the Certificates may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes —

(i) to add to the covenants and agreements of the Corporation or the District contained in this Agreement other covenants and agreements thereafter to be observed or to

surrender any right or power herein reserved to or conferred upon the Corporation or the District, and which shall not adversely affect the interests of the Owners of the Certificates;

(ii) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the Corporation or the District may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Certificates; and

(iii) to make such other amendments or modifications as may be in the best interests of the Owners of the Certificates.

Section 9.2 Endorsement or Replacement of Certificates After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Certificates may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificate and presentation of such Owner's Certificate for such purpose at the Designated Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Trustee shall so determine, new Certificates so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificates such new Certificates shall be exchanged at the Designated Corporate Trust Office of the Trustee without cost to each Owner for Certificates then Outstanding upon surrender of such Outstanding Certificates.

Section 9.3 Amendment of Particular Certificates. The provisions of this article shall not prevent any Owner from accepting any amendments to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

ARTICLE X

DEFEASANCE

Section 10.1 Discharge of Trust Agreement. When the obligations of the District under the Installment Purchase Agreement shall cease pursuant to Article IX of the Installment Purchase Agreement (except for the right of the Trustee and the obligation of the District to have the money and Permitted Investments mentioned therein applied to the payment of Installment Payments as therein set forth and the obligation to apply moneys on deposit in the Rebate Fund as provided in Section 5.6 herein), then and in that case the obligations created by this Agreement shall thereupon cease, terminate and become void except for the obligation of the District to direct the Trustee to apply money on deposit in the Rebate Fund as provided herein which shall continue until such moneys are so applied and the right of the Owners to have applied and the obligation of the Trustee to apply such moneys and Permitted Investments to the payment of the Certificates as herein set forth, and subject to application of moneys on deposit in the Rebate Fund as provided in Section 5.6, the Trustee shall turn over to the District, after provision for payment of amounts due the Trustee hereunder, as an overpayment of Installment Payments, any surplus in the Certificate Payment Fund and all balances remaining in any other funds or accounts other than moneys and Permitted Investments held for the payment of the Certificates at maturity or on prepayment, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal or interest and premium, if any, represented by the Certificates, and after such payment, this Agreement shall become void.

If moneys or securities described in clauses (a) and (m) of the definition of Permitted Investments are deposited with and held by the Trustee as hereinabove provided, the Trustee shall within thirty (30) days after such moneys or Permitted Investments shall have been deposited with it, mail a notice, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.8, setting forth (a) the date fixed for prepayment of the Certificates, (b) a description of the moneys or securities described in clauses (a) and (m) of the definition of Permitted Investments so held by it, and (c) that this Agreement has been released in accordance with the provisions of this Section.

Section 10.2 Deposit of Money or Securities with Trustee. Whenever in this Agreement or the Installment Purchase Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or prepay any Certificates, the money or securities to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Agreement and shall be —

(a) lawful money of the United States of America in an amount equal to the principal amount represented by such Certificates and all unpaid interest represented thereby to maturity, except that, in the case of Certificates which are to be prepaid prior to maturity and in respect of which notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Prepayment Price and all unpaid interest to such date of prepayment if any, represented by such Certificates; or

(b) non-callable securities described in clauses (a) and (m) of the definition of Permitted Investments which will provide money sufficient to pay the principal at maturity or upon prepayment plus all accrued interest to maturity or to the prepayment date, as the case may be, represented by the Certificates to be paid or prepaid, as such amounts become due, plus premium, if any, provided that, in the case of Certificates which are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Agreement and the Installment Purchase Agreement or by Written Request of the District) to apply such money or securities to the payment of such principal or Prepayment Price and interest represented by such Certificates.

Section 10.3 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the interest, principal or Prepayment Price represented by any of the Certificates which remain unclaimed for two years after the date of deposit of such moneys if deposited with the Trustee after the date when the interest, principal or Prepayment Price represented by such Certificates have become payable, shall at the Written Request of the District be repaid by the Trustee to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the interest and principal or Prepayment Price represented by such Certificates; provided, however, that before being required to make any such payment to the District, the Trustee shall, at the written Request and expense of the District, first mail a notice to the owners of the Certificates so payable that such moneys remain unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the District.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Benefits of Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Trustee, the Corporation and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the District shall be for the sole and exclusive benefit of the Trustee, the Corporation and the Owners.

Section 11.2 Successor Deemed Included in all References to Predecessor. Whenever either the District, the Corporation or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, the Corporation or the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the District, the Corporation or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.3 Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of any Certificates and the amount, payment date, number and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of Section 2.8.

Any declaration, request or other instrument in writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the District or the Trustee in good faith and in accordance therewith.

Section 11.4 Disqualified Certificates. Certificates owned or held by or for the account of the Corporation or the District (but excluding Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided for in this Agreement, and shall not be entitled to consent to or take any other action provided for in this Agreement.

The District may adopt appropriate regulations to require each Owner of Certificates, before his consent provided for in this Agreement shall be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified as provided in this Section.

Section 11.5 Waiver of Personal Liability. No director, officer or employee of the District or the Corporation shall be individually or personally liable for the payment of the interest, principal or the prepayment premiums, if any, represented by the Certificates, but nothing contained herein shall

relieve any director, officer or employee of the District or Corporation from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement or hereby.

Section 11.6 Disposal of Certificates. Whenever in this Agreement provision is made for the cancellation by the Trustee of any Certificates, the Trustee shall dispose of such Certificates, in accordance with its then customary practices, and deliver a certificate of such disposal to the District.

Section 11.7 Headings. Headings preceding the text of the several Articles and Sections hereof, and the table of contents, are solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 11.8 Funds and Accounts. Any fund required by this Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound industry practices and with due regard for the protection of the security of the Certificates and the rights of every Owner thereof.

Section 11.9 Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the District, the Corporation or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The District, the Corporation and the Trustee hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates pursuant hereto 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 circumstances may be held to be unconstitutional, unenforceable or invalid.

Section 11.10 California Law. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 11.11 Notices. All written notices to be given under this Agreement to the parties hereto shall be given by mail, facsimile or personal delivery to the party entitled thereto at its address and facsimile number set forth below, or at such address and facsimile number as the party may provide to the other parties in writing from time to time.

If to the District: 2890 Mosquito Road
Placerville, California 95667
Attention: General Manager
Facsimile: (530) 622-1195

If to the Corporation: 2890 Mosquito Road
Placerville, California 95667
Attention: President
Facsimile: (530) 622-1195

If to the Trustee: 350 California Street, 17th Floor
San Francisco, California 94104
Attention: Corporate Trust Department
Facsimile: (415) 273-2492
Email: SFCT@unionbank.com

Section 11.12 Execution in Counterparts and Electronic Signing. 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. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

Section 11.13 Business Day. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period with no interest accruing for the period after such nominal date.

IN WITNESS WHEREOF, the parties have executed and attested this Agreement by their officers hereunto duly authorized as of the date and year first written above.

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Signatory

EL DORADO IRRIGATION DISTRICT
FINANCING CORPORATION

By: _____
President

By: _____
Acting Secretary

EL DORADO IRRIGATION DISTRICT

By: _____
President of the Board of Directors

By: _____
Acting Secretary

[FORM OF CERTIFICATE OF PARTICIPATION]

EL DORADO IRRIGATION DISTRICT
 REVENUE CERTIFICATE OF PARTICIPATION, SERIES 2020A

Evidencing an Interest of the Owner Hereof
 in Installment Payments to be Made by the

EL DORADO IRRIGATION DISTRICT

INTEREST RATE: _____%	CERTIFICATE PAYMENT DATE March 1, _____	DATED DATE --_____, 2020	CUSIP _____
---------------------------------	--	------------------------------------	--------------------

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner (specified above) of this Certificate of Participation (herein called the "Certificate") is the owner of an undivided interest in the right to receive certain Installment Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under that certain Installment Purchase Agreement (the "Installment Purchase Agreement"), dated as of June 1, 2020, by and between El Dorado Irrigation District Financing Corporation (the "Corporation") and the El Dorado Irrigation District (the "District"). The Installment Payments to be made thereunder have been assigned to MUFG Union Bank, N.A., as trustee (the "Trustee"), having a Designated Corporate Trust Office in San Francisco, California. The Trustee has executed and delivered \$_____ aggregate principal amount of Certificates.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Installment Purchase Agreement and the Trust Agreement, dated as of June 1, 2020, by and among the Trustee, the Corporation and the District (the "Trust Agreement"), on the Certificate Payment Date (specified above) the Principal Amount (specified above) representing a portion of the Installment Payments designated as principal coming due on the Certificate Payment Date, and to receive an interest component on such principal component at the interest rate per annum specified above, from the Interest Payment Date (as hereinafter defined) preceding the date of execution hereof by the Trustee, unless such date of execution is after a Record Date (as hereinafter defined) and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date, or unless such date of execution is on or before the first Record Date, in which case interest shall be payable from the Dated Date; provided, however, that if, as shown by the records of the Trustee, interest represented by this Certificate is in default, Certificates executed in exchange for this Certificate surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to this Certificate, or, if no interest has been paid or duly provided for with respect to this Certificate, from the Dated Date.

Interest with respect to this Certificate shall be paid on each March 1 and September 1, commencing September 1, 2020 (each, an “Interest Payment Date”), and continuing to and including the Certificate Payment Date or the date of prior prepayment hereof, whichever is earlier. Interest with respect to this Certificate shall be calculated on the basis of a 360-day year of twelve 30-day months. The principal with respect hereto and prepayment premiums, if any, are payable in lawful money of the United States of America upon presentation and surrender at the Designated Corporate Trust Office of the Trustee in San Francisco, California or such other office as the Trustee may from time to time designate in writing to the District, the Corporation and the registered owners (the “Designated Corporate Trust Office of the Trustee”). Interest with respect hereto is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof as of the close of business on the fifteenth day of the calendar month prior to such Interest Payment Date (the “Record Dates”) at the address shown on the books maintained by the Trustee or, upon the written request received by the Trustee of an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date, except, in each case that, if and to the extent that there is a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the owner in whose name this Certificate is registered at the close of business on a special record date as determined by the Trustee.

This Certificate has been executed by the Trustee pursuant to the terms of the Trust Agreement. Copies of the Trust Agreement and the Installment Purchase Agreement are on file at the Designated Corporate Trust Office of the Trustee in San Francisco, California, and reference is made to the Trust Agreement and the Installment Purchase Agreement and any and all amendments thereto for a description of the pledges and covenants securing the Certificates, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the Certificates with respect thereto and the other terms and conditions upon which the Certificates are delivered thereunder.

The Certificates are payable from Installment Payments payable by the District and other amounts on deposit in certain funds and accounts held under the Trust Agreement, all in accordance therewith. All Revenues and all amounts on deposit in the Revenue Fund (as such terms are defined in the Installment Purchase Agreement) are irrevocably pledged to the payment of the Installment Payments and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement. This pledge, together with all other Contracts and Bonds (as such terms are defined in the Installment Purchase Agreement) constitutes a lien on Revenues, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted in the Installment Purchase Agreement, and the Revenue Fund for the payment of the Installment Payments and all other Contracts and Bonds in accordance with the terms of the Installment Purchase Agreement and of the Trust Agreement. The obligation of the District to make Installment Payments is a special obligation of the District payable solely from Net Revenues (as defined in the Installment Purchase Agreement) and other funds described in the Installment Purchase Agreement and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. The District may at any time execute any Contract, the installment payments under which, or issue any Bonds (as such terms are defined in the Installment Purchase Agreement), the payments of which are on a parity with the Installment Payments and which are secured by a pledge of and lien on the Revenues in accordance with the Installment Purchase Agreement.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in the denomination of \$5,000 each or any integral multiple thereof; provided that no Certificate shall have principal represented thereby maturing in more than one year. Subject to the limitations and conditions and upon payment of the taxes and governmental charges provided in the Trust Agreement, Certificates may be exchanged for a like aggregate principal amount of Certificates of the same Certificate Payment Date of other authorized denominations at the Designated Corporate Trust Office of the Trustee.

Capitalized terms used herein and not defined herein have the meaning assigned thereto in the Trust Agreement.

This Certificate is transferable by the Registered Owner hereof, in person or by such person's duly authorized attorney, but only in the manner, subject to the limitations and conditions and upon payment of the taxes and governmental charges provided in the Trust Agreement, and upon surrender of this Certificate for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer, in a form approved by the Trustee. Upon such transfer a new Certificate or Certificates of the same Certificate Payment Date and of authorized denomination or denominations, for a like aggregate principal amount will be delivered to the transferee in exchange herefor.

The Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Trustee shall not be affected by any notice to the contrary.

The Trustee shall not be required to register the transfer or exchange of any Certificate (i) within 15 days preceding selection of Certificates for prepayment or (ii) selected for prepayment.

The Certificates are subject to extraordinary prepayment prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the District in a written request to the Trustee and by lot within each maturity in integral multiples of \$5,000, from prepaid Installment Payments made by the District from Net Proceeds (as defined in the Installment Purchase Agreement), under the circumstances and upon the terms prescribed in the Trust Agreement and the Installment Purchase Agreement, at a prepayment price equal to the principal amount thereof plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

The Certificates with stated maturities on or after March 1, 20__ are subject to prepayment prior to such stated maturity, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee not more than sixty (60) days nor less than twenty (20) days prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20__, from amounts prepaid by the District pursuant to the Installment Purchase Agreement at a Prepayment Price equal to the principal amount of such Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment without premium.

The Certificates with a stated maturity on March 1, 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on each March 1 on and after March 1, 20__ in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

Redemption Date
(March 1)

Principal Amount

(maturity)

As provided in the Trust Agreement, notice of prepayment hereof shall be mailed, first class postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the prepayment date, to the Registered Owner of this Certificate at the address thereof appearing on the Certificate registration books. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment. Any defect in the notice or the mailing thereof will not affect the validity of the prepayment of this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement and the Installment Purchase Agreement, as the case may be, the Trust Agreement and the rights and obligations of the District and of the registered owners of the Certificates and of the Trustee or the Installment Purchase Agreement and the rights and obligations of the Corporation and the District and the registered owners of the Certificates and the Trustee, respectively, may be modified or amended with the written consents of the registered owners of a majority in aggregate principal amount of the Certificates (as such term is defined in the Trust Agreement) then outstanding, provided, however, that no such modification or amendment shall (1) extend the stated maturities of the Certificates, or reduce the rate of interest or yield-to-maturity represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the registered owner of each Certificate so affected, or (2) reduce the percentage of registered owners of Certificates whose consent is required for the execution of any amendment or modification of the Trust Agreement or the Installment Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

To the extent and in the manner permitted by the terms of the Trust Agreement and the Installment Purchase Agreement, as the case may be, the Trust Agreement and the rights and obligations of the Corporation and the District and of the registered owners of the Certificates or the Installment Purchase Agreement and the rights and obligations of the Corporation and the District may also be modified or amended, without the consent of the Owners of any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes:

- (1) to add to the covenants and agreements of the Corporation or the District contained in the Trust Agreement or the Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power in the Trust Agreement or the Installment Purchase Agreement reserved to or conferred upon the Corporation or the District, and which shall not adversely affect the interests of the registered owners of the Certificates;
- (2) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement or the Installment Purchase Agreement or in regard to questions arising under the Trust Agreement or the Installment Purchase Agreement, as the

Corporation or the District may deem necessary or desirable and which shall not adversely affect the interests of the registered owners of the Certificates; and

- (3) to make such other amendments or modifications as may be in the best interests of the registered owners of the Certificates.

Upon acceleration, the Installment Payments and the Certificates shall become due and payable immediately from the sources described in the Installment Purchase Agreement and the Trust Agreement, respectively.

The Trustee has no obligation or liability to the registered owners of the Certificates for the payment of interest, principal or prepayment premium, if any, with respect to the Certificates out of the Trustee's own funds; the Trustee's sole obligations are those described in the Trust Agreement. The recitals of facts herein shall be taken as statements of the District and the Corporation and the Trustee does not have any responsibility for the accuracy thereof.

The District has certified that all acts, conditions and things required by the Constitution and statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an authorized signatory of the Trustee, all as of the date set forth below.

Execution date: MUFG UNION BANK, N.A., as Trustee

By _____
Authorized Signatory

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within mentioned Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Certificate register of the Trustee with full power of substitution in the premises.

Dated: _____

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

Signature Guaranteed:

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

EXHIBIT B

FORM OF DELIVERY COSTS FUND REQUISITION

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and _____ of the El Dorado Irrigation District, an irrigation district organized and existing under the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.4 of that certain Trust Agreement, dated as of June 1, 2020 (the "Trust Agreement"), by and among the District, the El Dorado Irrigation District Financing Corporation and MUFJG Union Bank, N.A., as trustee (the "Trustee"), the undersigned hereby requests the Trustee, upon receipt of invoices from the payees designated on the attached Exhibit A, to disburse from the Delivery Costs Fund established under the Trust Agreement, to the payees the amounts set forth in such invoices but no more than the amounts set forth on Exhibit A, and such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Exhibit A or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions though given by the District with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein;

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

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

Capitalized terms used herein and not defined shall have the meanings given to such terms in the Trust Agreement.

Dated:

EL DORADO IRRIGATION DISTRICT

By: _____

Its:

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2020

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See the caption “RATINGS”

EL DORADO IRRIGATION DISTRICT

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

\$ _____ *

**REVENUE CERTIFICATES OF
PARTICIPATION, SERIES 2020A**

\$ _____ *

**REFUNDING REVENUE BONDS
SERIES 2020B**

\$ _____ *

**REFUNDING REVENUE BONDS
TAXABLE SERIES 2020C**

Dated: Date of Issuance

Due: March 1, as set forth on the inside cover

The 2020A Certificates are being executed and delivered to provide funds to (i) finance the acquisition of certain facilities for the District's Water System, and (ii) pay costs of delivery of the 2020A Certificates, all as more fully described herein. The 2020A Certificates are being delivered pursuant to the Trust Agreement, dated as of June 1, 2020, by and among the District, the El Dorado Irrigation District Financing Corporation and MUFG Union Bank, N.A., as trustee. The 2020A Certificates are payable solely from Installment Payments to be made by the District to the Corporation pursuant to the Installment Purchase Agreement, dated as of June 1, 2020, by and between the District and the Corporation, and amounts on deposit in certain funds and accounts created under the 2020 Trust Agreement. Interest with respect to the 2020A Certificates is payable on September 1, 2020 and each March 1 and September 1 thereafter, until the maturity thereof.

The 2020A Certificates are subject to optional, mandatory and extraordinary prepayment, as more fully described herein.

The 2020B Bonds are being issued to provide funds to (i) prepay certain outstanding loans made by the State Water Resources Control Board and the Department of Public Health of the State of California to the District, and (ii) pay costs of issuance of the 2020B Bonds, all as more fully described herein. The 2020C Bonds are being issued to provide funds to (i) refund a portion of the District's outstanding Refunding Revenue Bonds, Series 2012A, and Series 2012B (Taxable), Refunding Revenue Bonds, Series 2014A and Refunding Revenue Bonds, Series 2016C, and (ii) pay costs of issuance of the 2020C Bonds, all as more fully described herein. The 2020 Bonds are being issued pursuant to the Indenture of Trust, dated as of June 1, 2020, by and between the District and MUFG Union Bank, N.A., as trustee. Interest on the 2020 Bonds is payable on September 1, 2020 and each March 1 and September 1 thereafter, until the maturity thereof.

The 2020 Bonds are subject to optional redemption and extraordinary redemption as more fully described herein.

The 2020A Certificates are being executed and delivered in fully registered form and the 2020 Bonds are being issued in fully registered form, and when each of the 2020A Certificates and the 2020 Bonds are delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2020A Certificates and the 2020 Bonds. Purchasers of beneficial interests will not receive certificates representing their interest in the 2020A Certificates and the 2020 Bonds. So long as Cede & Co. is the registered owner of the 2020A Certificates or the 2020 Bonds, as nominee of DTC, references herein to the registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the 2020A Certificates or the 2020 Bonds. Individual purchases of the 2020A Certificates and the 2020 Bonds will be made in book-entry form only in authorized denominations of \$5,000 or any integral multiple thereof. The principal of and interest evidenced by the 2020A Certificates and on the 2020 Bonds is payable directly to DTC by MUFG Union Bank, N.A., as Trustee. Upon receipt of payments of principal and interest, DTC is obligated to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the 2020A Certificates and the 2020 Bonds.

The obligations of the District to make Installment Payments and to pay principal of and interest on the 2020 Bonds are special obligations of the District payable solely from Net Revenues. Net Revenues consist of Net Water System Revenues and Net Wastewater System Revenues, which are Water System Revenues and Wastewater System Revenues remaining after payment of Water System Operation and Maintenance Costs and Wastewater System Operation and Maintenance Costs, respectively. **The obligations of the District to make Installment Payments and to pay principal of and interest on the 2020 Bonds are irrevocable obligations of the District payable solely from District Net Revenues but do not constitute obligations of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligations of the District to make Installment Payments and to pay principal of and interest on the 2020 Bonds do not constitute debt of the District, the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.**

The obligations of the District to make Installment Payments and to pay principal of and interest on the 2020 Bonds are payable from District Net Revenues on a parity with Parity Payments, which after the refunding contemplated herein, will be outstanding in the aggregate principal amount of approximately \$142,965,000* as further described herein. The District may incur additional obligations payable from District Net Revenues on a parity the obligation to make Installment Payments and with the obligation to pay principal of and interest on the 2020 Bonds, subject to the terms and conditions of the 2020 Installment Purchase Agreement and the Indenture, as more fully described herein.

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel and Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, the portion of each Installment Payment constituting interest (and original issue discount) with respect to the 2020A Certificates and interest (and original issue discount) on the 2020B Bonds are excluded from gross income for federal income tax purposes and are not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the 2020C Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel and Special Counsel, the portion of each Installment Payment constituting interest and interest (and original issue discount) on the 2020 Bonds and are exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the 2020A Certificates and the 2020 Bonds.

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

MATURITY SCHEDULE – See Inside Cover Page

The 2020A Certificates and the 2020 Bonds are offered when, as and if issued or executed and received by the Underwriter, subject to the approval as to the legality of certain matters by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel and Special Counsel, and certain other conditions. The Underwriter is being represented by its counsel, Gilmore & Bell P.C.. Certain legal matters will be passed upon for the District and the Corporation by Brian D. Poulson, Esq., General Counsel to the District and for the Trustee by its counsel. It is anticipated that the 2020A Certificates and the 2020 Bonds will be available for delivery through the facilities of The Depository Trust Company on or about June __, 2020.

CITIGROUP

Dated: June __, 2020

* Preliminary, subject to change.

MATURITY SCHEDULES

\$ _____
**EL DORADO IRRIGATION DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020A**

<i>Maturity Date (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
------------------------------------	-------------------------	----------------------	--------------	--------------

\$ _____ % Term 2020A Certificates Due March 1, 20__, Yield _____, Price _____

\$ _____
**EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2020B**

<i>Maturity Date (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
------------------------------------	-------------------------	----------------------	--------------	--------------

\$ _____
**EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, TAXABLE SERIES 2020C**

<i>Maturity Date (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
------------------------------------	-------------------------	----------------------	--------------	--------------

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2020A Certificates or the 2020 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2020A Certificates or the 2020 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

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

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

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2020A CERTIFICATES AND THE 2020 BONDS AT A LEVEL THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2020A CERTIFICATES AND THE 2020 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

THE 2020A CERTIFICATES AND THE 2020 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE 2020A CERTIFICATES AND THE 2020 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2020A Certificates or the 2020 Bonds.

**EL DORADO IRRIGATION DISTRICT
BOARD OF DIRECTORS**

George W. Osborne, President
Pat Dwyer, Vice President
Michael Raffety, Director
Lori Anzini, Director
Alan Day, Director

DISTRICT STAFF

Jim Abercrombie, General Manager
Mark T. Price, CPA, Chief Financial Officer

SPECIAL SERVICES

General Counsel

Brian D. Poulsen, Esq.

Bond Counsel and Special Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Sacramento, California

Trustee

MUFG Union Bank, N.A.
San Francisco, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Verification Agent

Robert Thomas CPA, LLC
Overland Park, Kansas

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SUMMARY STATEMENT

This summary is subject in all respects to the more complete information contained in this Official Statement, and the offering of the 2020A Certificates and the 2020 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined in this Summary Statement have the meanings ascribed to them in this Official Statement.

The 2020A Certificates

Purpose of the 2020A Certificates. The 2020A Certificates are being executed and delivered to provide funds (i) finance the acquisition of certain facilities for the District Water System, and (ii) pay costs of delivery of the 2020A Certificates, all as more fully described herein.

Security for the 2020A Certificates. The obligation of the District to make Installment Payments is a special obligation of the District payable solely from Net Revenues. Net Revenues consist of Net Water System Revenues and Net Wastewater System Revenues, which are Water System Revenues and Wastewater System Revenues remaining after payment of Water System Operation and Maintenance Costs and Wastewater System Operation and Maintenance Costs, respectively.

The obligation of the District to make the 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. Notwithstanding anything contained in the 2020 Trust Agreement or the 2020 Installment Purchase Agreement, the District shall not be required to advance any moneys derived from any source of income other than the Revenues and the Revenue Fund for the payment of amounts due under the 2020 Trust Agreement or the 2020 Installment Purchase Agreement or for the performance of any agreements or covenants required to be performed by it contained therein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make Installment Payments is payable from District Net Revenues on a parity with Parity Payments, which after the refunding contemplated herein and the issuance of the 2020 Bonds, will be outstanding in the aggregate principal amount of approximately \$142,965,000* as further described herein. The District may incur additional obligations payable from District Net Revenues on a parity with the obligation to make Installment Payments, subject to the terms and conditions of the 2020 Installment Purchase Agreement, as more fully described herein.

Rate Covenants. The 2020 Installment Purchase Agreement requires the District: (a) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Water System; and (b) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

For avoidance of doubt, so long as the District has complied with its obligations set forth in subsection (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the

* Preliminary, subject to change.

thresholds set forth in (a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with (a) and (b) at the commencement of the succeeding Fiscal Year.

Additional Contracts and Bonds Tests. The 2020 Installment Purchase Agreement permits the District to execute any Contracts or issue any Bonds on a parity with the obligation to make Installment Payments, provided that certain conditions are satisfied as herein described.

No Reserve Fund. No Reserve Fund has been established or will be funded with respect to the 2020A Certificates.

Prepayment. The 2020A Certificates are subject to optional, mandatory and extraordinary prepayment as described herein.

The 2020 Bonds

Purpose. The 2020B Bonds are being issued to provide funds to (i) prepay certain outstanding loans made by the State Water Resources Control Board and the Department of Public Health of the State of California to the District, and (ii) pay costs of issuance of the 2020B Bonds, all as more fully described herein. The 2020C Bonds are being issued to provide funds to (i) refund a portion of the District's outstanding Refunding Revenue Bonds, Series 2012A, and Series 2012B (Taxable), Refunding Revenue Bonds, Series 2014A and Refunding Revenue Bonds, Series 2016C, and (ii) pay costs of issuance of the 2020C Bonds, all as more fully described herein.

Security for the 2020 Bonds. The obligation of the District to pay principal of and interest on the 2020 Bonds is a special obligation of the District payable solely from Net Revenues. Net Revenues consist of Net Water System Revenues and Net Wastewater System Revenues, which are Water System Revenues and Wastewater System Revenues remaining after payment of Water System Operation and Maintenance Costs and Wastewater System Operation and Maintenance Costs, respectively.

Notwithstanding anything in the Indenture or the 2020 Bonds, but subject to the priority of payment with respect to Operation and Maintenance Costs, the District shall not be required to advance any moneys derived from any source other than the Revenues, the Revenue Fund and other moneys pledged under the Indenture for any of the purposes mentioned in the Indenture, whether for the payment of the principal of or interest on the 2020 Bonds or for any other purpose of the Indenture. Nevertheless, the District may, but shall not be required to, advance for any of the purposes hereof any funds of the District which may be made available to it for such purposes.

The obligation of the District to pay principal of and interest on the 2020 Bonds is payable from District Net Revenues on a parity with Parity Payments, which after the refunding contemplated herein and the execution and delivery of the 2020A Certificates, will be outstanding in the aggregate principal amount of approximately \$142,965,000* as further described herein. The District may incur additional obligations payable from District Net Revenues on a parity with the obligation to pay principal of and interest on the 2020 Bonds, subject to the terms and conditions of the Indenture, as more fully described herein.

The Refunding Plan.* A portion of the proceeds of the 2020A Bonds will be transferred to the State Water Resources Control Board and the Department of Public Health of the State of California to prepay certain outstanding loans of the District. A portion of the proceeds of the 2020B Bonds will be transferred to MUFU Union Bank, N.A., as escrow agent, to refund a portion of the District's Refunding Revenue Bonds, Series 2012A and Series 2012B (Taxable) currently outstanding in the aggregate principal amount of \$26,145,000, Refunding Revenue Bonds, Series 2014A currently outstanding in the principal amount of \$97,605,000 and Refunding

* Preliminary, subject to change.

Revenue Bonds, Series 2016C currently outstanding in the principal amount of \$85,195,000. See the caption “PLAN OF FINANCE—The Refunding Plan” herein.

Rate Covenants. The Indenture requires the District: (a) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Water System; and (b) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

For avoidance of doubt, so long as the District has complied with its obligations set forth in subsections (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the thresholds set forth in (a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with (a) and (b) at the commencement of the succeeding Fiscal Year.

Additional Contracts and Bonds Tests. The Indenture permits the District to execute any Contracts or issue any Bonds on a parity with the obligation to pay principal of and interest on the 2020 Bonds, provided that certain conditions are satisfied as herein described.

No Reserve Fund. No Reserve Fund has been established or will be funded with respect to the 2020 Bonds.

Redemption. The 2020 Bonds are subject to optional redemption and extraordinary redemption as more fully described herein.

The District.

The District is a California irrigation district organized in 1925 under the provisions of the Irrigation District Law. The District has the powers under the Irrigation District Law to, among other things, provide water, sewer, electricity, and water-related recreation services within its service area. In connection therewith, the District has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

The District is the major water supplier located on the western slope of the Sierra Nevada Mountains in El Dorado County, midway between the cities of Sacramento and South Lake Tahoe, generally along the Highway 50 corridor. The contiguous service area of the District spans approximately 220 square miles and includes a variety of urban, suburban, and rural communities and land uses. The District operates over 1,106 miles of water pipe, 27 miles of ditches, 5 water treatment plants, 4 sewage treatment facilities, 450 miles of sewer lines, 60 lift stations, 36 storage and regulating reservoirs and 38 pump stations. The District provides water, and wastewater, and recycled water services to customers within the District, provides recreation services to the public, and sells hydroelectric power on the wholesale market.

As of December 31, 2019, the District provided water service to approximately 41,892 agricultural, domestic, commercial, and industrial accounts in several of the developed areas within the District’s boundaries, including Cameron Park, Camino, Diamond Springs, El Dorado, El Dorado Hills, Placerville, Pollock Pines, Shingle Springs and other communities.

As of December 31, 2019, the District provided wastewater treatment, disposal, and reclamation services to approximately 23,652 domestic, commercial and industrial accounts in the suburban areas of Cameron Park, Diamond Springs, El Dorado, El Dorado Hills and Shingle Springs, recycled water to

approximately 5,537 accounts in El Dorado Hills and operates satellite wastewater disposal systems in Camino Heights and Gold Ridge Forest.

The District also operates the Sly Park Recreation Area at Jenkinson Lake, one of the District's main reservoirs. The Sly Park Recreation Area includes 600 surface acres for water activities, 10 picnic areas, 9 miles of shoreline, 2 boat ramps, and 191 individual and 9 group campsites. There are also 9 miles of hiking and equestrian trails.

The District also owns and operates a 21 megawatt hydroelectric generation project licensed by the Federal Energy Regulatory Commission which consists of 4 reservoirs (Echo Lake, Lake Aloha, Caples Lake and Silver Lake), dams, a forebay, a penstock, a powerhouse, and approximately 22 miles of flumes, canals, siphons, and tunnels located through the Sierra Nevada Mountains east of Placerville in the counties of El Dorado, Alpine, and Amador. The District acquired this hydroelectric generation project from Pacific Gas & Electric ("PG&E") in 1999. The District operates the hydroelectric generation facilities, including recreational features, incidental to delivery of water through the Water System and sells power generated from such hydroelectric facilities on the wholesale market.

EL DORADO IRRIGATION DISTRICT

\$ _____*
REVENUE CERTIFICATES OF
PARTICIPATION, SERIES 2020A

\$ _____*
REFUNDING REVENUE BONDS
SERIES 2020B

\$ _____*
REFUNDING REVENUE BONDS
TAXABLE SERIES 2020C

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and all appendices hereto, provides certain information concerning the sale and delivery of the El Dorado Irrigation District Revenue Certificates of Participation, Series 2020A (the “2020A Certificates”) and the El Dorado Irrigation District Refunding Revenue Bonds, Series 2020B (the “2020B Bonds”) and Taxable Series 2020C (the “2020C Bonds”) and together with the 2020B Bonds, the “2020 Bonds”).

Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Capitalized terms used and not otherwise defined herein with respect to the 2020A Certificates and the 2020 Bonds have the meanings ascribed to them in Appendix B and Appendix C, respectively.

The 2020A Certificates

General. The 2020A Certificates represent the interests of the registered owners thereof (the “Certificate Owners”) in installment payments (the “Installment Payments”) payable by the El Dorado Irrigation District (the “District”) under the Installment Purchase Agreement, dated as of June 1, 2020 (the “2020 Installment Purchase Agreement”), by and between the District and the El Dorado Irrigation District Financing Corporation, a nonprofit public benefit corporation (the “Corporation”). The 2020A Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2020 (the “2020 Trust Agreement”), by and among the District, the Corporation and MUFG Union Bank, N.A., San Francisco, California, as trustee (the “Trustee”). Pursuant to an Assignment Agreement, dated as of June 1, 2020 (the “Assignment Agreement”), by and between the Corporation and the Trustee, the Corporation has assigned to the Trustee for the benefit of the Owners of the 2020A Certificates substantially all its rights under the 2020 Installment Purchase Agreement, including the right of the Corporation to receive Installment Payments payable under the 2020 Installment Purchase Agreement and the right of the Corporation to enforce payment by the District of such Installment Payments when due.

Purpose. The 2020A Certificates are being executed and delivered to provide funds to (i) finance the acquisition of certain facilities for the District Water System, and (ii) pay costs of delivery of the 2020A Certificates. See the captions “THE PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Security. The obligation of the District to make Installment Payments is a special obligation of the District payable solely from Net Revenues of the District’s Water System and the District’s Wastewater System, consisting of District Water System Revenues remaining after payment of District Water System Operation and Maintenance Costs and District Wastewater System Revenues remaining after payment of District Wastewater System Operation and Maintenance Costs.

The obligation of the District to make Installment Payments is an irrevocable obligation of the District payable solely from District Net Revenues but does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any

* Preliminary, subject to change.

form of taxation. The obligation of the District to make Installment Payments does not constitute a debt of the District, the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The obligation of the District to make Installment Payments is payable from District Net Revenues on a parity with Parity Payments, which after the refunding contemplated herein and the issuance of the 2020 Bonds, will be outstanding in the aggregate principal amount of approximately \$142,965,000* as further described herein. The District may incur additional obligations payable from District Net Revenues on a parity with the obligation to make Installment Payments, subject to the terms and conditions of the 2020 Installment Purchase Agreement, described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Additional Indebtedness” herein.

Rate Covenants. The 2020 Installment Purchase Agreement requires the District: (a) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Water System; and (b) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

For avoidance of doubt, so long as the District has complied with its obligations set forth in subsection (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the thresholds set forth in (a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with (a) and (b) at the commencement of the succeeding Fiscal Year.

Additional Contracts and Bonds Tests. The 2020 Installment Purchase Agreement permits the District to execute any Contracts or issue any Bonds on a parity with the obligation to make Installment Payments, provided that certain conditions are satisfied as herein described. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Additional Indebtedness.”

No Reserve Fund. No Reserve Fund has been established or will be funded with respect to the 2020A Certificates.

Prepayment. The 2020A Certificates are subject to optional, mandatory and extraordinary prepayment as described herein.

The 2020 Bonds

General. The 2020 Bonds will be issued pursuant to an Indenture of Trust, dated as of June 1, 2020 (the “Indenture”), by and between the District and the Trustee.

Purpose. The 2020B Bonds are being issued to provide funds to (i) prepay certain outstanding loans made by the State Water Resources Control Board (the “SWRCB”) and the Department of Public Health of the State of California to the District (the “Department of Public Health”), and (ii) pay costs of issuance of the 2020B Bonds.

The 2020C Bonds are being issued to provide funds to (i) refund a portion of the District’s outstanding Refunding Revenue Bonds, Series 2012A (the “2012A Bonds”), and Series 2012B (Taxable) (the “2012B Bonds”) currently outstanding in the aggregate principal amount of \$26,145,000, Refunding Revenue Bonds, Series 2014A (the “2014A Bonds”) currently outstanding in the principal amount of \$97,605,000, and Refunding

* Preliminary, subject to change.

Revenue Bonds, Series 2016C (the “2016C Bonds”) currently outstanding in the principal amount of \$85,195,000 and (ii) pay costs of issuance of the 2020C Bonds. See the caption “ESTIMATED SOURCES AND USES OF FUNDS.”

Security. The 2020 Bonds are special obligations of the District payable solely from Net Revenues, which consist of Revenues of the District’s Water System and Wastewater System remaining after payment of Operation and Maintenance Costs, as such terms are defined in Appendix C. The obligation of the District to pay principal of and interest on the 2020 Bonds is payable from District Net Revenues on a parity with Parity Payments, which after the refunding contemplated herein and the execution and delivery of the 2020A Certificates, will be outstanding in the aggregate principal amount of approximately \$142,965,000*. See the caption “EL DORADO IRRIGATION DISTRICT—Other Outstanding Revenue Obligations.” The District may incur additional obligations payable on a parity with the obligation to pay principal of and interest on the 2020 Bonds in the future upon the satisfaction of certain conditions. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Additional Indebtedness.”

Rate Covenants. The Indenture requires the District: (a) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Water System; and (b) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

For avoidance of doubt, so long as the District has complied with its obligations set forth in subsection (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the thresholds set forth in (a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with (a) and (b) at the commencement of the succeeding Fiscal Year.

Additional Contracts and Bonds Tests. The Indenture permits the District to execute any Contracts or issue any Bonds on a parity with the obligation to pay principal of and interest on the 2020 Bonds, provided that certain conditions are satisfied as herein described. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Additional Indebtedness.”

No Reserve Fund. No Reserve Fund has been established or will be funded with respect to the 2020 Bonds.

Redemption. The 2020 Bonds are not subject to optional redemption. The 2020 Bonds are subject to extraordinary redemption as described herein.

Miscellaneous

The summaries and references to the Indenture, the 2020 Trust Agreement, the 2020 Installment Purchase Agreement and all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to the full Indenture, the 2020 Trust Agreement, the 2020 Installment Purchase Agreement and each such document, statute, report or instrument, copies of which are available for inspection at the offices of the District in Placerville, California and will be available from the Trustee upon request and payment of duplication cost. The capitalization of any word not conventionally capitalized or otherwise defined herein, indicates that

such word is defined in the Indenture, the 2020 Trust Agreement and, as used herein, has the meaning given to it in the Indenture, the 2020 Trust Agreement or the 2020 Installment Purchase Agreement.

Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

The District regularly prepares a variety of reports, including audits, budgets and related documents. Any 2020A Certificate and 2020 Bond Owner may obtain a copy of such report, as available, from the Trustee or the District. Additional information regarding the Official Statement may be obtained by contacting the Trustee or Mark T. Price, CPA, Chief Financial Officer, El Dorado Irrigation District, 2980 Mosquito Road, Placerville, California 95667, Telephone: (530) 642-4140.

Continuing Disclosure

The District has covenanted in Continuing Disclosure Certificates for the benefit of the holders and beneficial owners of the 2020A Certificates and the 2020 Bonds to provide certain financial information and operating data relating to the District by not later 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2015), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Reports and the notices of material events will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. The specific nature of the information to be contained in the Annual Reports and the notice of material events is set forth hereto in Appendix G —“FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE 2020A CERTIFICATES” with respect to the 2020A Certificates and in Appendix H —“FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE 2020 BONDS” with respect to the 2020 Bonds. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934.

For a discussion of the District's compliance with prior continuing disclosure undertakings, see the caption “CONTINUING DISCLOSURE UNDERTAKING.”

Forward-Looking Statements

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

PLAN OF FINANCE

The Refunding Plan*

General. The 2020B Bonds are being issued to prepay nine outstanding loans made by the SWRCB and one loan made by the Department of Public Health, as further described below.

The 2020C Bonds are being issued to refund and/or redeem a portion of the outstanding principal amount of the 2012A Bonds, 2012B Bonds, 2014A Bonds and 2016C Bonds, as described below. The District's current expectation is to refund and redeem the maturities of the 2012A Bonds, 2012B Bonds, 2014A Bonds and 2016C Bonds as described below, however, depending on market conditions at the time of pricing of the 2020 Bonds, the District may elect to not refund and/or redeem certain maturities of such Bonds. The information set forth under this caption will be revised in the final Official Statement to reflect the final refunding plan with respect to the 2012A Bonds, 2012B Bonds, 2014A Bonds and 2016C Bonds.

The portion of the proceeds of the 2020C Bonds deposited with the Escrow Agent (as defined below) as described below is pledged solely to the payment of the applicable series of bonds being refunded and will not be available for the payments of principal of and interest on the 2020C Bonds.

Refunding of Loans. The 2020B Bonds are being issued to prepay nine loans made by the SWRCB and one loan made by the Department of Public Health to the District, outstanding in the aggregate principal amount of \$9,570,990.06. On the date of issuance of the 2020B Bonds the District will cause to be transferred to the SWRCB and the Department of Public Health, a portion of the proceeds of the 2020B Bonds and certain other moneys to prepay the outstanding loans at a prepayment price equal to the principal amount thereof, together with interest accrued thereon to such date of prepayment, without premium.

2012A Bonds. The District issued the 2012A Bonds, which are currently outstanding in the aggregate principal amount of \$25,925,000, pursuant to an Indenture Trust, dated as of July 1, 2012 (the "2012 Indenture"), by and between the District and MUFG Union Bank, N.A., as trustee.

The District plans to apply a portion of the proceeds of the 2020C Bonds and certain other moneys deposited by the District to refund the 2012A Bonds maturing on and after March 1, 2023 in the principal amount of \$17,460,000 (the "Refunded 2012A Bonds") by redeeming the Refunded 2012A Bonds on March 1, 2022. Under an Escrow Agreement (2012A Bonds), dated as of June 1, 2020 (the "2012A Escrow Agreement"), by and between the District and MUFG Union Bank, N.A., as escrow agent (the "Escrow Agent"), the District will deliver a portion of the proceeds of the 2020C Bonds and certain other moneys to the Escrow Agent for deposit in the escrow fund established under the 2012A Escrow Agreement (the "2012A Escrow Fund").

The Escrow Agent will invest a portion of the amounts deposited in the 2012A Escrow Fund in Federal Securities as set forth in the 2012A Escrow Agreement. From the maturing principal of the Federal Securities and related investment income and any uninvested moneys on deposit in the 2012A Escrow Fund, the Escrow Agent will pay on and before March 1, 2022 all regularly scheduled payments of interest on the Refunded 2012A Bonds and redeem on March 1, 2022, the Refunded 2012A Bonds at a redemption price equal to the principal amount to be redeemed, without premium, all in accordance with the 2012A Escrow Agreement.

2012B Bonds. The District issued the 2012B Bonds, which are currently outstanding in the aggregate principal amount of \$220,000, pursuant to the 2012 Indenture. The District plans to apply a portion of the proceeds of the 2020C Bonds and certain other moneys deposited by the District to refund the outstanding 2012B Bonds, consisting of the 2012B Bonds maturing on March 1, 2021. Under an Escrow Agreement (2012B Bonds), dated as of June 1, 2020 (the "2012B Escrow Agreement"), by and between the District and the Escrow Agent, the District will deliver a portion of the proceeds of the 2020C Bonds and certain other moneys to the Escrow

* Preliminary, subject to change.

Agent for deposit in the escrow fund established under the 2012B Escrow Agreement (the “2012B Escrow Fund”).

The Escrow Agent will invest a portion of the amounts deposited in the 2012B Escrow Fund in Federal Securities as set forth in the 2012B Escrow Agreement. From the maturing principal of the Federal Securities and related investment income and any uninvested moneys on deposit in the 2012B Escrow Fund, the Escrow Agent will pay on and before March 1, 2021 the regularly scheduled payments of principal and interest on the 2012B Bonds, all in accordance with the 2012A Escrow Agreement.

2014A Bonds. The District issued the 2014A Bonds, which are currently outstanding in the aggregate principal amount of \$97,605,000, pursuant to an Indenture of Trust, dated as of January 1, 2014, by and between the District and MUFG Union Bank, N.A., as trustee.

The District plans to apply a portion of the proceeds of the 2020C Bonds to refund the 2014A Bonds maturing on and after March 1, 2027 in the principal amount of \$86,655,000 (the “Refunded 2014A Bonds”) by redeeming the Refunded 2014A Bonds on March 1, 2024.

Under an Escrow Agreement (2014A Bonds), dated as of June 1, 2020 (the “2014A Escrow Agreement”), by and between the District and the Escrow Agent, the District will deliver a portion of the proceeds of the 2020C Bonds and certain other moneys to the Escrow Agent for deposit in the escrow fund established under the 2014A Escrow Agreement (the “2014A Escrow Fund”).

The Escrow Agent will invest a portion of the amounts deposited in the 2014A Escrow Fund in Federal Securities as set forth in the 2014A Escrow Agreement. From the maturing principal of the Federal Securities and related investment income and any uninvested moneys on deposit in the 2014A Escrow Fund, the Escrow Agent will pay on and before March 1, 2024 all regularly scheduled payments of interest on the Refunded 2014A Bonds and redeem on March 1, 2024, the principal amount of the Refunded 2014A Bonds, without premium, all in accordance with the 2014A Escrow Agreement.

2016C Bonds. The District issued the 2016C Bonds, which are currently outstanding in the aggregate principal amount of \$85,195,000, pursuant to an Indenture Trust, dated as of September 1, 2016, by and between the District and MUFG Union Bank, N.A., as trustee.

The District plans to apply a portion of the proceeds of the 2020C Bonds and certain other moneys deposited by the District to refund the 2016C Bonds maturing on March 1, 2035 in the principal amount of \$14,470,000 (the “Refunded 2016C Bonds”) by redeeming such Refunded 2016C Bonds on March 1, 2026. Under an Escrow Agreement (2016C Bonds), dated as of June 1, 2020 (the “2016C Escrow Agreement”), by and between the District and the Escrow Agent, the District will deliver a portion of the proceeds of the 2020C Bonds and certain other moneys to the Escrow Agent for deposit in the escrow fund established under the 2016C Escrow Agreement (the “2016C Escrow Fund”).

The Escrow Agent will invest a portion of the amounts deposited in the 2016C Escrow Fund in Federal Securities as set forth in the 2016C Escrow Agreement. From the maturing principal of the Federal Securities and related investment income and any uninvested moneys on deposit in the 2016C Escrow Fund, the Escrow Agent will pay on and before March 1, 2026 all regularly scheduled payments of interest on the Refunded 2016C Bonds and redeem on March 1, 2026, the Refunded 2016C Bonds at a redemption price equal to the principal amount to be redeemed, without premium, all in accordance with the 2016C Escrow Agreement.

Verification. Upon issuance of the 2020 Bonds, Robert Thomas CPA, LLC (the “Verification Agent”) will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter. Such report will verify the adequacy of the maturing principal of and interest on the Federal Securities, together with cash on deposit in each Escrow Fund, if any, to pay when due, all interest and principal and the redemption price of the related series of Bonds to be paid therefrom.

Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in each Escrow Agreement, the related obligations will be defeased pursuant to the provisions of the applicable indenture under which such obligations were issued as of the date of issuance of the 2020 Bonds.

The Project

The proceeds of the 2020A Certificates are expected to be used by the District to undertake the following projects for the Water System (collectively, the “Project”): Main Ditch piping (Forebay to Reservoir 1), Folsom Lake Intake improvements and various flume replacements. Certain of such costs have previously been paid by the District will be used to reimburse the District for such prior expenditures. The District currently expects to receive all necessary environmental and other approvals in connection with the Project.

Pursuant to the terms of the 2020 Installment Purchase Agreement, the District has the right to substitute projects for the Project. See Appendix B—”DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Installment Purchase Agreement—Acquisition of the Project—Changes to the Project.” The District is currently constructing certain components of the Project and expects to complete all components of the Project described above on or before June 1, 2023.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds:

<i>Sources:</i>	<i>2020A Certificates</i>	<i>2020B Bonds</i>	<i>2020C Bonds</i>
Principal Amount	\$	\$	\$
Plus Original Issue Premium			
Transfers from Reserve Funds for SWRCB Loans ⁽¹⁾			
District Contribution ⁽²⁾			
Total Sources	<u>\$</u>	<u>\$</u>	<u>\$</u>
<i>Uses:</i>			
Transfer to SWRCB	\$	\$	\$
Transfer to Department of Public Health			
Transfer to 2012A Escrow Fund			
Transfer to 2012B Escrow Fund			
Transfer to 2014A Escrow Fund			
Transfer to 2016C Escrow Fund			
Deposit to Acquisition Fund			
Underwriter’s Discount			
Deposit to Costs of Issuance Funds ⁽³⁾			
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Reflects amounts held in reserves established for the SWRCB loans.

⁽²⁾ Reflects interest accrued on portion of the 2012A Bonds, 2012B Bonds, 2014A Bonds and 2016C Bonds to be refunded to the date of delivery of the 2020 Bonds.

⁽³⁾ Includes Underwriter’s discount and certain legal, financing and printing costs.

THE 2020A CERTIFICATES

General Provisions

The 2020A Certificates will be executed and delivered in the aggregate principal amount of \$_____*. The 2020A Certificates will be dated as of the date of initial delivery thereof (the “Delivery Date”), will represent interest from such date at the rates per annum set forth on the inside front cover page hereof, payable

* Preliminary, subject to change.

semiannually on September 1, 2020 and each March 1 and September 1 thereafter (each, a “Payment Date”), and will mature on the dates set forth on the inside front cover page hereof. Interest with respect to the 2020A Certificates will be computed on the basis of a 360-day year of twelve thirty-day months.

The 2020A Certificates will be delivered only in fully registered form and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the 2020A Certificates. Ownership interests in the 2020A Certificates may be purchased in book-entry form, in denominations of \$5,000 or any integral multiple thereof. See the caption “- Book-Entry Only System” below and Appendix F attached hereto.

In the event the book-entry only system described below is discontinued, the principal and prepayment premium (if any) evidenced by any 2020A Certificates are payable by check of the Trustee upon presentation and surrender thereof at maturity or upon prior prepayment at the Designated Corporate Trust Office of the Trustee. Interest with respect to the 2020A Certificates shall be payable by check of the Trustee mailed by first class mail on each Payment Date of the 2020A Certificates to the respective 2020A Certificate Owners of record thereof as of the close of business on the Record Date preceding such Payment Date, whether or not such day is a Business Day at the addresses shown on the books required to be kept pursuant to the 2020 Trust Agreement or, upon the written request received by the Trustee of an Owner of at least \$1,000,000 in aggregate principal amount of the 2020A Certificates, by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date.

Interest with respect to the 2020A Certificates shall be payable from the Payment Date preceding their date of execution, unless such date shall be after a Record Date and on or before the succeeding Payment Date, in which case interest shall be payable from such Payment Date or unless such date shall be on or before the first Record Date, in which case interest shall be payable as of the date of initial delivery thereof provided, however, that if, as shown by the records of the Trustee, interest represented by the 2020A Certificates shall be in default, 2020A Certificates executed in exchange for 2020A Certificates surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to the 2020A Certificates, or, if no interest has been paid or duly provided for with respect to the 2020A Certificates, as of the date of initial delivery thereof.

Book-Entry Only System

Prior to the execution and delivery of the 2020A Certificates, the District may provide that such 2020A Certificates shall be initially executed and delivered as book-entry 2020A Certificates. If the District shall elect to deliver any 2020A Certificates in book-entry form, then the District shall cause the delivery of a separate single fully registered certificate (which may be typewritten) for each maturity date of such 2020A Certificates in an authorized denomination corresponding to that total principal amount of the 2020A Certificates designated to mature on such date. Upon initial execution and delivery, the ownership of each such 2020A Certificate shall be registered in the 2020A Certificate registration books in the name of the Nominee, as nominee of the Depository and ownership of the 2020A Certificates, or any portion thereof may not thereafter be transferred except as provided in the 2020 Trust Agreement.

With respect to book-entry 2020A Certificates, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry 2020A Certificates. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry 2020A Certificates, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Certificate registration books, of any notice with respect to book-entry 2020A Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry 2020A Certificates to be prepaid in the event the District prepays the 2020A Certificates in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest with respect to book-entry 2020A Certificates. The District and the Trustee may treat and consider the person in

whose name each book-entry Certificate is registered in the 2020A Certificate registration books as the absolute Owner of such book-entry Certificate for the purpose of payment of principal, premium, if any, and interest with respect to such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers with respect to such 2020A Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest with respect to the 2020A Certificates only to or upon the order of the respective Owner, as shown in the 2020A Certificate register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest evidenced and represented by the 2020A Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2020A Certificate registration books, shall receive a 2020A Certificate evidencing the obligation to make payments of principal, premium, if any, and interest evidenced and represented by the 2020A Certificates. Upon delivery by the Depository to the Owner and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Agreement shall refer to such nominee of the Depository.

Transfers and Exchanges Upon Termination of Book-Entry Only System

Any 2020A Certificate may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the 2020 Trust Agreement, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2020A Certificate for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any 2020A Certificate or 2020A Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or 2020A Certificates of the same maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may charge a sum for each new 2020A Certificate executed and delivered upon any transfer. The Trustee may require the payment by any 2020A Certificate Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2020A Certificates the Trustee shall cancel and dispose of the 2020A Certificates it has received, in accordance with its then customary practices.

2020A Certificates may be exchanged at the Designated Corporate Trust Office of the Trustee, for a like aggregate principal amount of 2020A Certificates of other authorized denominations of the same maturity. The Trustee may charge a sum for each new 2020A Certificate executed and delivered upon any exchange except in the case of any exchange of temporary 2020A Certificates for definitive 2020A Certificates. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2020A Certificates the Trustee shall cancel and dispose of the 2020A Certificates it has received, in accordance with its then customary practices.

The Trustee shall not be required to register the exchange, or transfer pursuant to the 2020 Trust Agreement, of any 2020A Certificate (i) within 15 days preceding selection of 2020A Certificates for prepayment or (ii) selected for prepayment.

Prepayment of the 2020A Certificates

Optional Prepayment. The 2020A Certificates with stated maturities on or after March 1, 20__ are subject to prepayment prior to such stated maturity, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee not more than 60 days nor less than 20 days prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20__, from amounts prepaid by the District pursuant to the 2020 Installment Purchase Agreement at a Prepayment Price

equal to the principal amount of such 2020A Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment without premium.

Mandatory Sinking Fund Prepayment. The 2020A Certificates with a stated maturity on March 1, 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on each March 1 on and after March 1, 20__ in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the 2020 Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(March 1)</i>	<i>Principal Amount</i>
--	--------------------------------

(maturity)

Extraordinary Prepayment. The 2020A Certificates are subject to extraordinary prepayment prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee at least 60 days prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Installment Payments made by the District from Net Proceeds, upon the terms and conditions of, and as provided for in the 2020 Trust Agreement and the 2020 Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

Notice of Prepayment

Notice of prepayment shall be mailed, first class postage prepaid, to the respective Owners of any 2020A Certificates designated for prepayment at their addresses appearing on the 2020A Certificate registration books and to the Information Services and by registered or certified or overnight mail to the Securities Depositories at least 20 days but not more than 60 days prior to the prepayment date.

Each notice of prepayment shall state the date of notice, the prepayment date, the place or places of prepayment and the Prepayment Price, shall designate the maturities, CUSIP numbers, if any, and, if less than all 2020A Certificates of any such maturity are to be prepaid, the serial numbers of the 2020A Certificates of such maturity to be prepaid by giving the individual number of each 2020A Certificate or by stating that all 2020A Certificates between two stated numbers, both inclusive, have been called for prepayment and, in the case of 2020A Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on said date there will become due and payable with respect to each of said 2020A Certificates the Prepayment Price thereof or of said specified portion of the principal represented thereby in the case of a 2020A Certificate to be prepaid in part only, together with interest accrued with respect thereto to the prepayment date, and that (provided that moneys for prepayment have been deposited with the Trustee) from and after such prepayment date interest with respect thereto shall cease to accrue, and shall require that such 2020A Certificates be then surrendered to the Trustee. Any defect in the notice or the mailing thereof will not affect the validity of the prepayment of any 2020A Certificate.

Notice of prepayment of 2020A Certificates shall be given by the Trustee on behalf of and at the expense of the District.

THE 2020 BONDS

General Provisions

The 2020B Bonds will be issued in the aggregate principal amount of \$_____ * and the 2020C Bonds will be issued in the aggregate principal amount of \$_____ *. Each 2020 Bond will be dated the date of initial delivery, will bear interest from such date at the rates per annum set forth on the inside cover page hereof, payable on September 1, 2020 and each March 1 and September 1 thereafter (each, an “Interest Payment Date”), and will mature on the dates set forth on the inside cover page hereof. Interest on the 2020 Bonds will be computed on the basis of a 360 day year of twelve 30-day months.

The 2020 Bonds will be issued only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2020 Bonds. Ownership interests in the 2020 Bonds may be purchased in book-entry form, in denominations of \$5,000 or any integral multiple thereof. See the caption “—Book-Entry Only System” below and Appendix F attached hereto.

In the event that the book-entry only system described below is discontinued, the principal of and redemption premium (if any) on the 2020 Bonds are payable by check of the Trustee upon presentation and surrender thereof at maturity or upon prior redemption at the Designated Corporate Trust Office of the Trustee in San Francisco, California (the “Designated Corporate Trust Office of the Trustee”). Interest on the 2020 Bonds is payable on each Interest Payment Date to the person whose name appears on the registration books maintained by the Trustee (the “Registration Books”) as the Owner thereof as of the close of business on the fifteenth day of the calendar month preceding the Interest Payment Date (the “Record Date”), such interest to be paid by check of the Trustee sent by first class mail on the applicable interest payment date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any 2020 Bond shall be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Designated Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2020 Bonds shall be payable in lawful money of the United States of America.

Each 2020 Bond will be dated the date of initial delivery, and will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before August 15, 2020, in which event it will bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any 2020 Bond, interest thereon is in default, such 2020 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry Only System

Prior to the issuance of the 2020 Bonds, the District may provide that such 2020 Bonds shall be initially issued as book-entry 2020 Bonds. If the District shall elect to deliver any 2020 Bonds in book-entry form, then the District shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such 2020 Bonds in an authorized denomination corresponding to that total principal amount of the 2020 Bonds designated to mature on such date. Upon initial issuance, the ownership of each such 2020 Bond shall be registered in the 2020 Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2020 Bonds, or any portion thereof may not thereafter be transferred except as provided in the Indenture.

* Preliminary, subject to change.

With respect to book-entry 2020 Bonds, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry 2020 Bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry 2020 Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2020 Bond Registration Books, of any notice with respect to book-entry 2020 Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry 2020 Bonds to be redeemed in the event the District redeems the 2020 Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book-entry 2020 Bonds. The District and the Trustee may treat and consider the person in whose name each book-entry 2020 Bond is registered in the 2020 Bond Registration Books as the absolute Owner of such book-entry 2020 Bond for the purpose of payment of principal of, premium and interest on such 2020 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2020 Bond, for the purpose of registering transfers with respect to such 2020 Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the 2020 Bonds only to or upon the order of the respective Owner, as shown in the 2020 Bond Registration Books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the 2020 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2020 Bond Registration Books, shall receive a 2020 Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the 2020 Bonds. Upon delivery by the Depository to the District and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

Transfers and Exchanges Upon Termination of Book-Entry Only System

Any 2020 Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2020 Bond at the Designated Corporate Trust Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee will not be required to register the transfer of any 2020 Bond during the period in which the Trustee is selecting 2020 Bonds for redemption and any 2020 Bond that has been selected for redemption.

Whenever any 2020 Bond or 2020 Bonds shall be surrendered for transfer, the District will execute and the Trustee will authenticate and will deliver a new 2020 Bond or 2020 Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee will require the 2020 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2020 Bonds, the Trustee will cancel and dispose of the 2020 Bonds it has received, in accordance with its then customary procedures.

2020 Bonds may be exchanged at the Designated Corporate Trust Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee will not be required to exchange any 2020 Bond during the period in which the Trustee is selecting 2020 Bonds for redemption and any 2020 Bond that has been selected for redemption. The Trustee will require the 2020 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2020 Bonds, the Trustee will cancel and dispose of the 2020 Bonds it has received.

Redemption of the 2020 Bonds

Optional Redemption of 2020B Bonds. The 2020B Bonds maturing on and after March 1, 20__ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee at least 20 days (or such

lesser number of days acceptable to the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20__ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Optional Redemption of 2020C Bonds at Par. The 2020C Bonds maturing on and after March 1, 20__ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee at least 20 days (or such lesser number of days acceptable to the Trustee, such notice for the convenience of the Trustee) prior to such date, in integral multiples of \$5,000, on or after March 1, 20__ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Optional Redemption of 2020C Bonds at Make-Whole Redemption Price. The 2020C Bonds will be subject to redemption prior to August 1, 20__ at the option of the District, as a whole or in part on any Business Day in the order of maturity as directed by the District in a Written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, at the “Make-Whole Redemption Price.” The “Make-Whole Redemption Price,” is the greater of (1) 100% of the principal amount of the 2020C Bonds being redeemed; and (2) the sum of the present values of the remaining unpaid scheduled payments of principal and interest on any 2020C Bonds being redeemed, not including any portion of those payments of interest accrued and unpaid to the date of redemption, discounted to the redemption date on a semi-annual basis, (assuming a 360-day year consisting of twelve 30-day months), at the Comparable Treasury Yield (as defined below) plus __ basis points plus accrued and unpaid interest on the 2020C Bonds to be redeemed on the redemption.

For purposes of calculating the Make-Whole Redemption Price with respect to the optional make-whole redemption of the 2020C Bonds, the following terms shall have the following meanings:

“Calculation Agent” means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the District (which may be the Underwriter).

“Comparable Treasury Issue” means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the 2020C Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2020C Bonds being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2020C Bond or portion thereof is being redeemed, either: (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations or (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time at least three business days but no more than 20 business days preceding the date fixed for redemption, as selected by the District.

“Comparable Treasury Yield” means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2020C Bond being redeemed. The Comparable Treasury Yield will be determined at least three business days preceding the date fixed for redemption, as

selected by the District. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the 2020B Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity: (i) closest to and greater than the remaining term to maturity of the 2020B Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2020B Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) assuming a price for the Comparable Treasury Issue equal to the Comparable Treasury Price as of the date fixed for redemption.

“Reference Treasury Dealer” means a primary dealer of United States Government securities in the United States (which may be the Underwriter) appointed by the District and reasonably acceptable to the Calculation Agent.

Extraordinary Redemption. The 2020 Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee at least 60 days (or such lesser number of days acceptable to the Trustee, such notice for the convenience of the Trustee) prior to such date, in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in the Indenture, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. See Appendix C under the caption “DEFINITIONS AND SUMMARY OF THE INDENTURE—Particular Covenants—Insurance” and “DEFINITIONS AND SUMMARY OF THE INDENTURE—Particular Covenants—Eminent Domain Proceeds,” respectively, for a description of the circumstances under which the 2020 Bonds could be subject to extraordinary redemption from Net Proceeds of insurance or condemnation.

Notice of Redemption

Notice of redemption shall be mailed by first class mail or other electronically secure means to be determined by the District and communicated to the Trustee in writing, at least twenty (20) days but not more than sixty (60) days before any Redemption Date, to the respective Owners of any 2020 Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption shall state the date of notice, the Redemption Date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2020 Bonds of any such maturity are to be redeemed, the serial numbers of the 2020 Bonds of such maturity to be redeemed by giving the individual number of each 2020 Bond or by stating that all 2020 Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2020 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the Redemption Date there will become due and payable on each of said 2020 Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2020 Bond to be redeemed in part only, together with interest accrued thereon to the Redemption Date, and that (provided that sufficient moneys for redemption have been deposited with the Trustee) from and after such Redemption Date interest thereon shall cease to accrue, and shall require that such 2020 Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2020 Bond. Notice of redemption of 2020 Bonds shall be given by the Trustee at the expense of the District.

EL DORADO IRRIGATION DISTRICT PAYMENT SCHEDULE

Set forth below is a schedule of District payments of principal of and interest on the Installment Payments, 2020 Bonds and other District Contracts and Bonds for the period ending December 31 in each of the years indicated:

<i>Year Ending December 31</i>	<i>Installment Payments</i>		<i>Series 2020B Bonds</i>		<i>Total</i>	<i>Series 2020C Bonds</i>		<i>Total</i>	<i>District Contracts and Bonds⁽¹⁾</i>	<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>		<i>Principal</i>	<i>Interest</i>			
2020									\$21,146,088	
2021									23,136,750	
2022									18,542,463	
2023									18,581,963	
2024									18,584,238	
2025									23,906,888	
2026									23,910,638	
2027									21,364,888	
2028									21,361,388	
2029									24,549,488	
2030									21,746,213	
2031									22,306,838	
2032									22,884,588	
2033									23,491,613	
2034									24,116,938	
2035									24,775,206	
2036									25,456,150	
2037									9,147,844	
2038									9,150,113	
2039									9,149,019	
2040									--	
2041									--	
2042									--	
2043									--	
2044									--	
2045									--	
2046									--	
2047									--	
2048									--	
2049									--	
2050									--	
Total									<u>\$407,309,306</u>	

(Footnotes on following page)

⁽¹⁾ Contracts and Bonds include approximately \$256,415,000 aggregate principal amount in Parity Payments, including Parity Payments securing debt service on the 2012A Bonds, 2012B Bonds, 2014A Bonds and 2016C Bonds other than those being refunded from the proceeds of the 2020C Bonds. See the captions “INTRODUCTION” and “THE EL DORADO IRRIGATION DISTRICT—Other Outstanding Revenue Obligations.”

Source: District.

**SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES
AND THE 2020 BONDS**

Special Obligations Payable From Net Revenues

With respect to the 2020A Certificates, under the 2020 Trust Agreement, all Installment Payments are irrevocably pledged to, and shall be used for, the punctual payment of the 2020A Certificates, and the Installment Payments shall not be used for any other purpose while any of the 2020A Certificates remain Outstanding. Under the 2020 Installment Purchase Agreement, all Revenues and all amounts on deposit in the Revenue Fund are irrevocably pledged to the payment of the Installment Payments as provided therein and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid.

With respect to the 2020 Bonds, all of the Revenues, all amounts held in the Revenue Fund and any other amounts (including proceeds of the sale of the 2020 Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund), are irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2020 Bonds, and the Revenues shall not be used for any other purpose while the 2020 Bonds remain Outstanding; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Indenture.

With respect to the 2020A Certificates and the 2020 Bonds, the 2020 Installment Purchase Agreement and the Indenture provides, that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the 2020 Installment Purchase Agreement and the Indenture. Said pledge, together with the pledge created for the benefit of other Bonds and Contracts, constitutes a lien on and security interest on Revenues and, subject to application of Revenues and all amounts on deposit therein as permitted in the 2020 Installment Purchase Agreement and the Indenture, the Revenue Fund and other funds and accounts created for the payment of the principal of and interest, and the premium, if any, on the Installment Payments and the 2020 Bonds in accordance with the terms of the 2020 Installment Purchase Agreement and the Indenture, and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice of the 2020 Installment Purchase Agreement and the Indenture.

In order to carry out and effectuate the pledge and lien contained in the 2020 Installment Purchase Agreement and the Indenture, the District has agreed and covenanted to receive all Revenues in trust and such Revenues shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is continued thereunder and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as the Installment Payments and the 2020 Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in the 2020 Installment Purchase Agreement and the Indenture. All moneys in the Revenue Fund shall be held in trust and shall be applied, used and withdrawn for the purposes set forth in the 2020 Installment Purchase Agreement and the Indenture.

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 such Operation and Maintenance Costs become due and payable. All remaining moneys in the Revenue Fund shall applied by the District at the times for the transfer to the special funds in the order of priority set forth in the 2020 Installment Purchase Agreement and the Indenture; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in the 2020 Installment Purchase Agreement and the Indenture.

THE OBLIGATIONS OF THE DISTRICT TO MAKE INSTALLMENT PAYMENTS AND TO PAY PRINCIPAL OF AND INTEREST ON THE 2020 BONDS ARE IRREVOCABLE OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM DISTRICT NET REVENUES BUT DO NOT CONSTITUTE OBLIGATIONS OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM

OF TAXATION. THE OBLIGATIONS OF THE DISTRICT TO MAKE INSTALLMENT PAYMENTS AND TO PAY PRINCIPAL OF AND INTEREST ON THE 2020 BONDS DO NOT CONSTITUTE DEBT OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Rate Covenants

The 2020 Installment Purchase Agreement and the Indenture require the District: (a) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Water System; and (b) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred twenty-five percent (125%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

For avoidance of doubt, so long as the District has complied with its obligations set forth in (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the thresholds set forth in (a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with (a) and (b) at the commencement of the succeeding 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 Water System Revenues or Net Wastewater System Revenues, as applicable, from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of the 2020 Installment Purchase Agreement and the Indenture.

Additional Indebtedness

The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance with the 2020 Installment Purchase Agreement and the Indenture; provided:

(i) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the District, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year; and

(ii) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges for the Water Service and Wastewater Service approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the District, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year, plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(iii) The estimated Net Revenues for the 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 Parity

Project, as evidenced by a certificate of the General Manager of the District on file with the District, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for the Water Service and Wastewater Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the General Manager on file with the District, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

Notwithstanding the foregoing, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

Notwithstanding satisfaction of the other conditions to the execution of any Contract or the issuance of Bonds set forth in the 2020 Installment Purchase Agreement and the Indenture, no such execution or issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such Event of Default shall be cured upon such execution or issuance.

On November 7, 2000, the voters of the District approved Advisory Measure K (“Measure K”), which purports to require the District to conduct an advisory vote of ratepayers prior to incurring bonded indebtedness not secured by land. After adoption of Measure K, the District was advised by the Office of Legislative Counsel of the State that the District does not have statutory authority to hold an advisory election of ratepayers under California law. As a result, no advisory election with respect to the issuance of the 2020 Bonds or the execution and delivery of the 2020 Installment Purchase Agreement will take place.

No Reserve Fund for the 2020A Certificates or 2020 Bonds

No Reserve Fund has been established or will be funded with respect to the 2020A Certificates or the 2020 Bonds.

THE EL DORADO IRRIGATION DISTRICT

General

The District is a California irrigation district organized in 1925 under the provisions of the Irrigation District Law. The District has the powers under the Irrigation District Law to, among other things, provide water, sewer, electricity, and water-related recreation services within its service area. In connection therewith, the District has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

The District is the major water supplier located on the western slope of the Sierra Nevada Mountains in El Dorado County, midway between the cities of Sacramento and South Lake Tahoe, generally along the Highway 50 corridor. The contiguous service area of the District spans approximately 220 square miles and includes a variety of urban, suburban, and rural communities and land uses. The District operates over 1,106 miles of water pipe, 27 miles of ditches, 5 water treatment plants, 4 sewage treatment facilities, 450 miles of sewer lines, 60 lift stations, 36 storage and regulating reservoirs and 38 pump stations. The District provides

water, and wastewater, and recycled water services to customers within the District, provides recreation services to the public, and sells hydroelectric power on the wholesale market.

As of December 31, 2019, the District provided water service to approximately 41,892 agricultural, domestic, commercial, and industrial accounts in several of the developed areas within the District's boundaries, including Cameron Park, Camino, Diamond Springs, El Dorado, El Dorado Hills, Placerville, Pollock Pines, Shingle Springs and other communities.

As of December 31, 2019, the District provided wastewater treatment, disposal, and reclamation services to approximately 23,652 domestic, commercial and industrial accounts in the suburban areas of Cameron Park, Diamond Springs, El Dorado, El Dorado Hills and Shingle Springs, recycled water to approximately 5,537 accounts in El Dorado Hills and operates satellite wastewater disposal systems in Camino Heights and Gold Ridge Forest.

The District also operates the Sly Park Recreation Area at Jenkinson Lake, one of the District's main reservoirs. The Sly Park Recreation Area includes 600 surface acres for water activities, 10 picnic areas, 9 miles of shoreline, 2 boat ramps, and 191 individual and 9 group campsites. There are also 9 miles of hiking and equestrian trails.

The District also owns and operates a 21 megawatt hydroelectric generation project licensed by the Federal Energy Regulatory Commission ("FERC") which consists of 4 reservoirs (Echo Lake, Lake Aloha, Caples Lake and Silver Lake), dams, a forebay, a penstock, a powerhouse, and approximately 22 miles of flumes, canals, siphons, and tunnels located through the Sierra Nevada Mountains east of Placerville in the counties of El Dorado, Alpine, and Amador. The District acquired this hydroelectric generation project from Pacific Gas & Electric ("PG&E") in 1999. The District operates the hydroelectric generation facilities, including recreational features, incidental to delivery of water through the Water System and sells power generated from such hydroelectric facilities on the wholesale market.

Service Area

The District currently encompasses a service area of approximately 220 square miles, which constitutes approximately 13% of the total area of El Dorado County. A small portion of the western end of the District extends into Sacramento County. As of December 31, 2019, the population of the service area of the District was approximately 128,702, accounting for approximately 68% of the total population of El Dorado County of 190,678 according to the United States Census Bureau, estimated as of July 1, 2018.

The District was formed in 1925 to provide domestic water to the City of Placerville, and domestic and irrigation water to local farmers. Over the years, the District has grown by annexation. From 1993 to 2015, the District has annexed approximately 9,910 acres to its service area, which now covers approximately 220 square miles. Territory annexed and served is required to contribute a local distribution system and to pay charges to finance District transmission, distribution, treatment and storage facilities, and to pay the annexation fee of the District. The fee is based on the current secured land assessed value of the property multiplied by the current ten-year average tax rate for the voter approved debt of the District. For example, a property with a land assessed value of \$100,000 would currently be charged an annexation fee of \$1,000.

As required by state law, the Local Agency Formation Commission ("LAFCO") in El Dorado County has established a "sphere of influence" for the District, which defines the area which may be annexed to the District. The land area between the present service area and the sphere of influence boundary is approximately 156 square miles, making the total sphere of influence of the District approximately 376 square miles. There is no assurance that LAFCO will approve future proposed annexations unless the District verifies adequacy of existing and future water sources. LAFCO is currently preparing an updated Municipal Services Review of the District and the District expects a reduction in the sphere of influence based on the existing known potential for future development. See the caption "—Certain Factors Affecting Growth" below for a discussion of certain voter approved initiatives which affect development of property within portions of the District.

Governance and Management

The District is governed by a 5-member board of directors (the “Board of Directors”), the members of which are elected from separate divisions of the District for staggered 4-year terms. The current Board of Directors members, the expiration dates of their terms, and their occupations are set forth below:

<i>Board of Directors Member</i>	<i>Expiration of Term</i>	<i>Occupation</i>
George W. Osborne, President	December 2020	Retired Senior California Department of Forestry (CDF) Official
Pat Dwyer, Vice President	December 2022	Retired Operations and Logistics Director
Michael Raffety	December 2020	Retired Publication Editor
Lori Anzini	December 2022	Retired Information Technology Consultant
Alan Day	December 2020	Landscape and Irrigation Designer/Contractor

Day-to-day management of the District is delegated to the General Manager. The current General Manager is James M. Abercrombie. Mr. Abercrombie began his tenure as General Manager on September 8, 2009. Prior to his current position, he was General Manager of the Amador Water Agency in Amador County, just south of El Dorado County. Mr. Abercrombie has more than 30 years of management experience, including 11 years at Amador Water Agency and 20 years with PG&E. His last position with PG&E was El Dorado District Manager, from 1987 to 1998. A long-time El Dorado County resident, he is currently on the Board of Directors of the Marshall Medical Foundation, past president of the Placerville Rotary Club, past president of the El Dorado County Chamber of Commerce, El Dorado County Development Corporation, and El Dorado County United Way and past chair of the El Dorado Leadership Program. A registered civil engineer, Mr. Abercrombie earned his engineering degree from Santa Clara University and his master’s degree in business administration from that university’s Leavey School of Business.

Employees and Employee Benefits

Summary of CalPERS Plans. The District contributes to the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer public employee defined benefit pension plan, on behalf of eligible employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State, including the District. Copies of CalPERS’ annual financial report may be obtained from its executive office at 400 Q Street, Sacramento, California 95811.

The District participates in separate CalPERS tiers within the Miscellaneous plan for employees based on hire date and prior CalPERS participation. The District’s plan is part of CalPERS risk pools. Benefit provisions for each tier as of December 31, 2019, are set forth below.

	<i>Miscellaneous</i>		
	Prior to January 1, 2010	After January 1, 2010 and prior to January 1, 2013	On or after January 1, 2013
Hire Date			
Benefit Formula	2.7% @ 55	2.0% @ 55	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50-63	50-63	52-67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.426% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	8%	7%	6.25%
Required Employer Contribution Rates ⁽¹⁾	36.370%	36.370%	36.370%

⁽¹⁾ As described under “—Contributions” below, such percent CalPERS no longer collects required contributions based on a percentage of payroll.

As of the December 31, 2019 actuarial valuation date and the June 30, 2019 measurement date, the following number of employees were covered by the benefit terms of the plans:

<i>Description</i>	<i>Number of Employees</i>
Inactive Employees or Beneficiaries Receiving Benefits	301
Inactive Employees Entitled to but Not Yet Receiving Benefits	153
Active employees	<u>211</u>
Total	665

AB 340, Public Employee Pension Reform Act of 2013 (PEPRA). On September 12, 2012, the Governor of the State signed Assembly Bill 340 (“AB 340”), which implements pension reform in the State. Effective January 1, 2013, AB 340 provides in part as follows: (i) requires public retirement systems and their participating employers to share equally with employees by January 1, 2018 the normal cost rate (as described below) for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non safety benefit formula of 2.5% at age 67; and (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period. The Board of Directors approved a letter of understanding with the Association of El Dorado Irrigation District Employees, creating a separate tier of CalPERS pension benefits for employees hired after January 1, 2013 to comply with AB 340’s compulsory reduced formula. Benefit provisions and all other requirements are established by State statute and the Board of Directors.

Pursuant to AB 340, the District established a new pension tier (2.0% at 62) for employees hired on or after January 1, 2013 who were not previously CalPERS members.

Contributions. Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the District’s plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Beginning with CalPERS’ fiscal year ended June 30, 2018, CalPERS began collecting employer contributions toward the plan’s unfunded liability as dollar amounts instead of the prior method of a contribution rate. According to CalPERS, this change was to address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plan. For the year ended June 30, 2019, the District’s employer required contribution to CalPERS was \$6,057,813, which amount was paid by the District. For the year ending June 30, 2020, the District’s employer required contribution to CalPERS is \$6,597,665, which the District has budgeted to be paid.

Based on CalPERS actuarial valuation report as of June 30, 2018 and delivered to the District in July 2019, the District’s projected employer contribution is expected to be \$7,179,548 for the year ending June 30, 2021 and is estimated to be between \$7,660,000 and \$7,998,567 the years ending June 30, 2022 through June 30, 2026.

The District expects that CalPERS’ earnings will be reduced in the CalPERS’s fiscal year ending June 30, 2020 as a result of financial market declines in the wake of the COVID-19 outbreak. Such declines could increase future contribution rates for plan participants, including the District. The District can make no projections at this time as to the amount of such increase. See the caption “INVESTMENT CONSIDERATIONS—Coronavirus.”

Net Pension Liability. The District’s net pension liability is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. For the June 30, 2019 measurement period, total pension liabilities were based on a June 30, 2018 actuarial valuation date and the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increase ⁽¹⁾	3.2% - 12.2%
Investment Rate of Return ⁽²⁾	7.375%
Mortality Pre-Retirement ⁽³⁾	0.020% - 0.99%

(1) Varies depending on entry-age and service.

(2) Includes inflation.

(3) The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2014 actuarial experience study for the period from 1997 to 2011.

The following table shows the changes in net pension liability for the District’s CalPERS plan for the year ended December 31, 2019.

	<i>Total Pension Liability</i> (a)	<i>Plan Fiduciary Net Position</i> (b)	<i>Net Pension Liability/(Assets)</i> (c)=(a)-(b)
Balance at December 31, 2018 (Valuation Date) ⁽¹⁾	\$ 165,593,293	\$ 104,065,816	\$ 61,527,477
Changes Recognized for the Measurement Period:			
Service Cost	2,986,838	-	2,986,838
Interest on Total Pension Liability	11,751,115	-	11,751,115
Differences Between Expected and Actual Experience	1,500,977	-	1,500,977
Changes of Assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contributions – Employer	-	5,994,574	(5,994,574)
Contributions – Employees	-	1,268,902	(1,268,902)
Net Investment Income	-	6,754,273	(6,754,273)
Benefit Payments, Including Refunds Of Employee Contributions	(8,472,835)	(8,472,835)	-
Administrative Expense	-	(74,264)	74,264
Other Miscellaneous Income/(Expense)	-	241	(241)
Net Changes	<u>7,766,095</u>	<u>5,470,891</u>	<u>2,295,204</u>
Balance at: December 31, 2019 ⁽¹⁾	<u>\$ 173,359,388</u>	<u>\$ 109,536,707</u>	<u>\$ 63,822,681</u>

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 (“GASB 68”) with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of the pension systems. The audited financial statements of the District for Fiscal Year 2018 reflect the application of the GASB 68. GASB 68 is a change in accounting reporting standards but it does not change the District’s CalPERS plan funding obligations.

The following presents the net pension liability of the District’s CalPERS plan as of the December 31, 2019, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it

were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<i>Discount Rate – 1%</i> <i>(6.15%)</i>	<i>Current Discount Rate</i> <i>(7.15%)</i>	<i>Discount Rate + 1%</i> <i>(8.15%)</i>
Net Pension Liability	\$ 86,109,111	\$ 63,822,681	\$ 45,287,830

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Contributions Made Subsequent to the Measurement Date	\$ 3,504,337	\$ --
Difference Between Expected and Actual Experience	1,746,174	(101,352)
Change in Assumptions	281,889	(483,521)
Net Difference Between Projected and Actual Earnings	<u>-</u>	<u>(450,967)</u>
Miscellaneous Plan Total	<u>\$ 5,532,400</u>	<u>\$ (1,035,840)</u>

Funded Status. The tables below are derived from the CalPERS actuarial valuation report as of June 30, 2018 and delivered to the District in June 2019 and show the funded status of the District’s CalPERS plan at June 30, 2017 and June 30, 2018.

	<i>June 30, 2017</i>	<i>June 30, 2018</i>
1. Present Value of Projected Benefits	\$ 179,487,959	\$ 192,776,639
2. Entry Age Normal Accrued Liability	148,077,750	170,065,697
3. Market Value of Assets (MVA)	<u>97,638,692</u>	<u>104,148,616</u>
4. Unfunded Accrued Liability (UAL)	\$ 60,442,058	\$ 65,917,081
5. Funded Ratio	61.8%	61.2%

Source: CalPERS’ actuarial valuation report as of June 30, 2018.

CalPERS Plan Actuarial Methods. The staff actuaries at CalPERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2019 covered CalPERS’ fiscal year ended June 30, 2018). The actuarial valuations express the District’s required contribution which the District must contribute in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared (thus, the District’s contribution requirement derived from the actuarial valuation as of June 30, 2018 and shown in the report delivered in July 2019 affects the District’s required contribution due in the District’s Fiscal Years 2020 and 2021). CalPERS rules require the District to implement the actuary’s recommended rates.

The CalPERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2017 in connection with the preparation of actuarial recommendations by the CalPERS Chief Actuary as described below.

In December 2016, the CalPERS Board approved lowering the funding discount rate to be phased in over three contribution years: for fiscal year 2017-18 to a rate of 7.375 percent; for fiscal year 2018-19 to a rate of 7.25 percent; and for fiscal year 2019-20 to a rate of 7.0 percent. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

On November 18, 2015, the CalPERS Board adopted a Funding Risk Mitigation Policy that seeks to reduce funding risk over time. It establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return, and strategic asset allocation targets. Reducing the volatility of investment returns is expected to increase the long-term sustainability of CalPERS pension benefits for members. In February 2017, the CalPERS Board revised the Funding Risk Mitigation Policy. The revisions include suspension of the policy until fiscal year 2020-21, and a decrease of the required first excess investment return threshold from 4% to 2%.

On February 14, 2018, the CalPERS Board of Administration adopted revisions to its actuarial amortization policy. Major revisions that affect state plans were made to the amortization of investment gains and losses, as well as to actuarial surplus. For the amortization of investment gains and losses, the amortization period was reduced from 30 years to 20 years, and the 5-year direct smoothing process was removed from the end of the amortization period. Amortization of actuarial surplus was eliminated. These policy revisions will be applied to the amortization of investment gains and losses, and actuarial surplus, experienced on or after June 30, 2019. These revisions will affect contributions starting in fiscal year 2020-21.

For additional information relating to the District CalPERS plan, see Note 6 to the District’s audited financial statements for Fiscal Year 2019 attached hereto as Appendix A.

Other Post-Employment Benefits. On October 24, 2011, the District approved joining the California Employers’ Retiree Benefit Trust Fund (“CERBT”) and use it as the means to begin prefunding a portion of future retiree healthcare costs. CalPERS offers the CERBT, which is an investment vehicle that can be used by all California public employers to prefund future retiree health and Other Post Employment Benefit (“OPEB”) costs. The CERBT was formed in March 2007 and is administered by CalPERS. CERBT is a constitutional and statutory retirement benefit trust. As trustee of the fund, the CalPERS Board has exclusive fiduciary responsibility over assets in the CERBT, and the duty to administer the fund for the exclusive benefit of participants in a manner assuring delivery of benefits and services at reasonable cost. In order to take advantage of CalPERS expertise, the CalPERS Board designated that the funds be managed by its internal investment staff assisted by contracted investment advisors.

The OPEB plan benefits are fully funded by the District in accordance with the District’s adopted Board Policies and Administrative Regulations and with the two labor contracts for employees in the Association of El Dorado Irrigation District Employees and the El Dorado Irrigation District Managers and Supervisors Employee Association. The required contribution is based on projected pay-as-you-go financing requirement. For the Fiscal Years ended December 31, 2019 and 2018, the District contributed \$1,685,878 and \$1,607,628, respectively to the OPEB plan. Employees did not make any contributions to the OPEB plan. For Fiscal Year 2020, the District has budgeted \$1,920,000 with respect to post-employment benefits. The District treats all payments to the CERBT as Operations and Maintenance Costs. The District currently does not expect that any increased funding of post-employment benefits in the future will have a material adverse effect on the ability of the District to make payments of principal of and interest on the 2020 Bonds and the Installment Payments.

At June 30, 2019, membership consisted of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	190
Active Plan Members	<u>208</u>
Total	<u>398</u>

The following shows the schedule of changes in the total OPEB liability for the period from December 31, 2018 to December 31, 2019.

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net OPEB Liability/(Asset) (c) = (a) - (b)</i>
Balance at December 31, 2018	\$ 35,789,720	\$9,805,138	\$25,984,582
Changes in the Year:			
Service Cost	684,086	-	684,086
Interest on the Total OPEB Liability	2,049,703	-	2,049,703
Differences Between Expected and Actual Experience	(848,796)	-	(848,796)
Changes in Assumptions	(4,538,135)	-	(4,538,135)
Contributions from the Employer	-	1,584,116	(1,584,116)
Net Investment Income	-	605,065	(605,065)
Benefit Payments	(1,584,116)	(1,584,116)	-
Administrative Expenses	-	(2,101)	2,101
Net Change	<u>(4,237,258)</u>	<u>602,964</u>	<u>(4,840,222)</u>
Balance at December 31, 2019	<u>\$31,552,462</u>	<u>\$ 10,408,102</u>	<u>\$ 21,144,360</u>

In June 2015, GASB published Statement No. 75 (“GASB 75”), which replaced the requirements under GASB Statement No. 45. The provisions in GASB 75 became effective for fiscal years beginning after June 15, 2017. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (i.e. OPEB). GASB 75 requires that most changes in the net OPEB liability be included in OPEB expense in the period of the change. GASB 75 also requires certain descriptive information to be included in the notes to a public agency’s audited financial statements as well as additional supplementary information such as sources of changes in net OPEB liability and the components of the net OPEB liability. The District implemented GASB 75 beginning with its audited financial statements for Fiscal Year 2017. As a result of such implementation, the District restated its net position for Fiscal Year 2016 in its audited financial statements for Fiscal Year 2017. While GASB 75 requires certain changes in the net OPEB liability to be included in OPEB expenses in the period of such change, the District has determined that such changes which are non-cash items are not Operation and Maintenance Costs.

For additional information relating to the District’s OPEB plan, see Note 7 to the District’s audited financial statements for Fiscal Year 2019 attached hereto as Appendix A.

Budget Process

The District utilizes a biennial budgeting process. The proposed biennial budget is prepared by District staff and reviewed by the Board of Directors at several public meetings beginning in October of the prior fiscal year. By December 31, the Board of Directors approves a final budget for the next two fiscal years. The Board of Directors also conducts a mid-cycle review and adjusts the budget at such time as necessary. The District adopted the budget for Fiscal Years 2019 and 2020 on December 10, 2018 and the mid-cycle operating budget for Fiscal Year 2020 on December 9, 2019. As of May 1, 2020, there have been no material amendments to the mid-cycle operating budget for Fiscal Year 2020.

An independent auditor annually audits all District funds by June 30 of the following fiscal year. The District annually submits a Comprehensive Annual Financial Report (“CAFR”) to the Government Finance Officers Association of the United States and Canada for review. The District has annually received the Government Finance Officers Association Award for Excellence in Financial Reporting since 1996.

District Property and Liability Insurance

The District currently carries the following types of commercial insurance on its general District and hydroelectric operations:

General District and Hydroelectric Project 184 Liability Coverage:

- Liability: General, Auto & Public Officials Errors & Omissions: \$55,000,000 per occurrence
- Dam Failure Liability: \$5,000,000 per occurrence with a \$50,000 retention
- Cyber Liability: \$3,000,000 per claim with a \$50,000 retention

General District Property Coverage (Excluding Hydroelectric Project 184 Property):

The District carries commercial property coverage on 119 general District premises, including buildings and contents. The coverage is an all risk property insurance policy, subject to certain exclusions, which provides replacement value of real and personal property owned by the District in the event of a covered loss.

Coverage includes:

- Property Limit: \$500,000,000 with a \$5,000 deductible for real property and \$1,000 deductible for mobile equipment and licensed vehicles/trailers
- Boiler & Machinery : \$100,000,000 per occurrence with \$25,000 deductible
- Business Interruption: \$10,000,000
- Earthquake coverage: \$2,500,000 program aggregate with a deductible of 5% of TIV
- Flood coverage: \$25,000,000 with a deductible of \$100,000
- Crime coverage: \$100,000 per loss with a \$1,000 deductible

Hydroelectric Project 184 Property Coverage:

The District carries commercial property coverage on 9 Hydroelectric Project 184 premises, including buildings, contents, canals and flumes. Coverage is an all-risk property insurance policy subject to certain exclusions, with a total scheduled value of \$99,447,527. The policy has a per occurrence loss limit of \$250,000,000, subject to a \$250,000 deductible. Coverage for boiler and machinery/equipment breakdown is included. The business interruption coverage is included in the total policy limit and has a 45-day waiting period per occurrence. Flood and earthquake coverage is also included and each carry an annual aggregate limit of \$2,500,000. In addition to insurance bought on the commercial market, the District has created an insurance reserve fund for insurance deductibles, unexpectedly large claims, or judgments that are not covered by insurance. As of December 31, 2019, the District had \$1,000,000 on deposit in the insurance reserve fund.

For additional information relating to the District's insurance coverage, see Note 8 to the District's audited financial statements for Fiscal Year 2019 attached hereto as Appendix A.

Other Outstanding Revenue Obligations*

Pre-Existing Obligations. The State Water Resources Control Board, through the State Revolving Fund Loan Program, provides low interest loans for clean water and drinking water projects to localities that operate water facilities throughout the State of California. The State Revolving Fund is funded through federal and state appropriations, along with loan repayments. The District has entered into nine State Revolving Fund loans to finance the lining and covering of reservoirs as mandated by the State Department of Public Health in the outstanding aggregate amount of approximately \$6,722,321, which bear interest at rates ranging from 2.32% to 2.60%. The District has implemented a water rate surcharge that is collected for debt service payments on these loans. The State Revolving Fund loans are pre-existing indebtedness (“Pre-Existing Obligations”) payable from Net Revenues senior to the Parity Payments (as defined below). The District expects to refund all nine State Revolving Fund loans which constitute Pre-Existing Obligations with a portion of the proceeds of the 2020B Bonds. After the refunding of the Pre-Existing Obligations, there will not be any outstanding obligations payable from Net Revenues senior to the Parity Payments. The Indenture and the 2020 Installment Purchase Agreement do not permit the issuance of any obligations payable from Net Revenues senior to the 2020 Bonds and the Installment Payments.

Parity Payments. The obligation of the District to pay principal of and interest on the 2020 Bonds and the Installment Payments is payable from District Net Revenues, after the refunding described under the caption “PLAN OF FINANCE—The Refunding Plan,” on a parity with approximately \$142,965,000 aggregate principal amount payments due on Contracts and Bonds arising from: (i) the obligation of the District to make debt service payments on the District’s 2012A Bonds outstanding aggregate principal amount of \$8,465,000; (ii) the obligation of the District to make debt service payments on the District’s 2014 Bonds in the outstanding aggregate principal amount of \$10,950,000; (iii) the obligation of the District to make debt service payments on the District’s 2016A Bonds in the outstanding principal amount of \$14,225,000, (vi) the obligation of the District to make debt service payments on the District’s 2016B Bonds in the outstanding aggregate principal amount of \$38,600,000; and (iv) installment payments in the outstanding aggregate principal amount of \$70,725,000 under the Installment Purchase Agreement, dated June 1, 2016, by and between the District and the Corporation (collectively, the “Parity Payments”).

In June 2007, the District entered into a Funding Agreement (Bass Lake Tanks) (the “DPH Contract”) with the State of California Health and Human Services Agency, Department of Health Services (now renamed the Department of Public Health) to obtain a 2.4517% per annum interest rate loan in an aggregate principal amount not to exceed \$8,248,000 to finance the construction of a project that enables the District to meet safe drinking water standards established pursuant to the California Code of Regulations (Chapter 154 of Division 4 of Title 22). In October 2008, the District received a disbursement of \$5,873,746 pursuant to the DPH Contract, which represents the approved costs of construction of the project. The District expects to refund the outstanding amount of such loan from a portion of the proceeds of the 2020B Bonds. See the caption “PLAN OF FINANCE—The Refunding Plan.”

1% Property Tax Revenues

The County levies a 1% ad valorem property tax on behalf of all taxing agencies in the County, including the District. The taxes collected are allocated to taxing agencies within the County, including the District, on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership and inflation) prorated among the jurisdictions, which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than countywide or less than citywide special districts.

* Preliminary, subject to change.

For Fiscal Year 2019, the allocation received by the District of the 1% ad valorem property tax (the “Property Tax Revenues”) was \$13,144,883 compared to \$12,715,612 in 2018. Property Tax Revenues as a percentage of the total revenues of the District averaged approximately 12.4% over the last five years.

From time to time legislation has been considered as part of the State budget to shift the Property Tax Revenues from special districts to school districts or other governmental entities. While legislation enacted in connection with the State fiscal year 1992-93 budget shifted approximately 35% of many special districts’ shares of the countywide 1% ad valorem property tax, the share of the countywide 1% ad valorem property tax allowable to multi-county special districts, such as the District, was exempted. The State fiscal year 2004-05 budget reallocated additional portions of the special districts’ shares of the countywide 1% ad valorem property tax, shifting a portion of the Property Tax Revenues collected by the County from special districts to school districts. As a result of the State fiscal year 2004-05 budget, the District lost approximately \$10,400,000 of Property Tax Revenues, cumulatively, over State fiscal years 2004-05 and 2005-06. Pursuant to the State fiscal year 2004-05 budget, such Property Tax Revenues reverted to the District in State fiscal year 2006-07, however, the Property Tax Revenues lost in State fiscal years 2004-05 and 2005-06 were not refunded to the District.

On November 2, 2004, State voters approved Proposition 1A, which amended the State Constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State may not: (i) reduce local sales tax rates or alter tax allocations; (ii) shift property taxes from local governments to schools or community colleges; (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature; or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning in Fiscal Year 2009, the State may shift to schools and community colleges a limited amount of local government property tax revenue if: (a) the Governor proclaims that the shift is needed due to a severe financial hardship; and (b) the State Legislature approves the shift by a two-thirds vote of both houses. Under such a shift, the State of California must repay local governments for their property tax losses with interest within three years.

On November 2, 2010, California voters approved Proposition 22, the provisions of which superseded many of the provisions of Proposition 1A. Proposition 22: (i) prohibits the State from shifting or delaying the distribution of funds from special districts to schools and community colleges; (ii) eliminates the authority to shift property taxes temporarily during a severe financial hardship of the State; and (iii) restricts the State’s authority to use fuel tax revenues to pay debt service on transportation bonds, to borrow or change the distribution of fuel tax revenues or to use Vehicle License Fee revenues to reimburse local governments for state-mandated costs.

Notwithstanding Proposition 22, there can be no assurance that the Property Tax Revenues the District currently expects to receive will not be reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of Property Tax Revenues by the District. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Special Obligations Payable From Net Revenues” for a discussion of the extent to which Property Tax Revenues are available to make payments of principal of and interest on the 2020 Bonds and the Installment Payments.

The District currently allocates Property Tax Revenues between the Water Fund and the Sewer Fund on a year-to-year basis. The District allocated Property Tax Revenues for the calendar year ended December 31, 2018 in the following manner:

**El Dorado Irrigation District
1% Property Tax Revenue Allocations By Fund and Purpose
Calendar Year Ended December 31, 2019**

<i>Fund</i>	<i>Allocation of Total Property Tax Revenues</i>	<i>Percentage of Allocation By Funding Purpose</i>
Water Fund	\$7,886,930	60%
Sewer Fund	5,257,953	40

Assessed Valuations, Tax Collections and Tax Delinquencies

The following table shows the secured assessed valuation, tax collections and rate of tax collections within the County of El Dorado and the amount received by the District of the 1% property tax during the five most recent State fiscal years (ending June 30). As a result of the implementation of the tax distribution system commonly referred to as the “Teeter Plan” by the County of El Dorado and the participation by the District beginning in July 1984, the District receives 100% of its share of the 1% property tax levies without regard to delinquencies. There can be no assurance that the Teeter Plan or the participation of the District therein will be continued indefinitely. The County has not notified the District of any plans to modify the Teeter Plan as a result of the COVID-19 outbreak. See the caption “INVESTMENT CONSIDERATIONS—Coronavirus.”

**El Dorado County
Secured Assessed Valuation and Tax Collection Record
County Fiscal Years Ended June 30, 2015 through June 30, 2019**

<i>Fiscal Year ended June 30</i>	<i>Total Secured Assessed Valuation (County-Wide)</i>	<i>Secured Property Tax Levy (County-Wide)</i>	<i>Taxes Collected (County-Wide)</i>	<i>Rate of Tax Collections (County- Wide)</i>	<i>District Allocations in Corresponding Calendar Year⁽¹⁾</i>
2019	\$33,345,789,163	\$385,700,009	\$380,426,072	98.63%	\$12,254,078
2018	30,625,366,116	367,317,809	363,536,272	98.97	12,057,024
2017	28,831,301,540	347,302,227	344,202,696	99.11	11,306,000
2016	27,332,536,500	327,292,636	324,228,771	99.06	10,477,222
2015	26,253,588,168	311,387,894	307,204,855	98.66	9,954,542

⁽¹⁾ District allocation based on County Fiscal Year ended June 30: differs from property tax shown under the caption “FINANCIAL INFORMATION OF THE DISTRICT—Historic Operating Results and Debt Service Coverage,” which is based on District Fiscal Year ended December 31.

Source: El Dorado County Auditor-Controller for Total Secured Assessed Valuation, Secured Property Tax Levy, Taxes Collected and Rate of Tax Collections; El Dorado Irrigation District for District Allocations.

Secured assessed valuation for the County of El Dorado for the fiscal year ending June 30, 2020, as reported by the County of El Dorado, is \$34,116,696,804, a 2.31% increase over the prior year. There can be no assurance that secured assessed valuation for the County of El Dorado will not be reduced in the future. No assurances can be made that property values within the District will not decline as a result of economic conditions caused by COVID-19. See the caption “INVESTMENT CONSIDERATIONS—Coronavirus.”

Ad Valorem Tax

Subject to voter approval, the District may from time-to-time collect assessments levied with property taxes in connection with debt service upon general obligation bonds of the District. Ad valorem assessments collected by the District, if any, are not pledged to the payment of the principal of and interest on the 2020 Bonds and the Installment Payments.

Certain Factors Affecting Growth

Measure Y Traffic Control Initiative. The Measure Y Traffic Control Initiative is an amendment to the El Dorado County General Plan, which, among other things, prevents the use of county tax revenues for the mitigation of traffic impacts caused by new development and requires developer-financed traffic impact mitigation improvements as a condition of new development. Passage of this measure in November 1998 has changed the planning associated with new subdivision growth in the County and the District. The County Board of Supervisors (the “County Board”) adopted an interpretation of the meaning and effect of Measure Y and incorporated such interpretation in its 2006 General Plan. Among the immediate impacts of Measure Y was a substantial increase in traffic impact fees paid as a condition of new development. In 2008, voters approved a modified version of Measure Y that added the following policies to the County General Plan: (i) the establishment of minimum service levels on roads in unincorporated areas of the County as a precondition to the approval of new subdivision maps; (ii) a requirement that new development fully fund roadway capacity improvements needed to offset traffic impacts; and (iii) a requirement that voters approve the expenditure of County tax revenues to pay for road capacity improvements to mitigate impacts of new development.

Measure E Traffic Control Initiative. On June 7, 2016, voters in El Dorado County narrowly approved Measure E, a ballot initiative titled “Initiative to Reinstate Measure Y’s original intent – no more paper roads.” Measure E revises the policies contained in the County General Plan as follows: (i) revises an existing policy limiting traffic impacts from the development of five or more parcels to include the development of five or more units, (ii) eliminates the ability of the County Board to add to the list of roads allowed to operate at Level of Service F without voter approval, (iii) requires completion of road improvements necessary to prevent cumulative traffic impacts of new development from reaching Level of Service F during peak hours before the County grants any form of discretionary approval to a covered project, (iv) adds a policy prohibiting the use of County tax revenues to pay for building road capacity improvements to offset traffic impacts from new development, unless County voters first approve, (v) requires that the County condition project approval on construction of all road improvements necessary to maintain or attain Level of Service standards detailed in the County Transportation Element and eliminates the County’s ability to approve a project that worsens traffic on the County road system even when necessary road improvements are included in either the County’s 10-or 20-year Capital Improvement Program, (vi) adds a new policy requiring that the County apply mitigation fees and assessments collected for infrastructure to the geographic zones from which they originated, (vii) exempts certain improvements to existing residential infrastructure from payment of traffic impact mitigation fees and provides fee credits for other improvements, and (viii) mandates that the California Department of Transportation determine the traffic levels of service on Highway 50 on- and off-ramps and road segments and requires the County to fully accept such determinations for traffic planning purposes.

Prior to the June 7, 2016 election and pursuant to California Elections Code section 9111, El Dorado County’s Chief Administrative Office issued a report concluding that Measure E will likely have a noticeable adverse impact on economic development, including the loss of jobs, limitations on the County’s ability to attract new commercial or industrial development, and the restriction of new commercial and/or industrial investment in the County. On August 9, 2016, after the election results had been certified, the County’s Chief Administrative Office, County Counsel, and Community Development Agency presented another memorandum to the County Board of Supervisors analyzing the impacts of Measure E. That memorandum identifies a number of potential legal conflicts, ambiguities, and internal inconsistencies relative to Measure E’s language, and provides recommendations regarding how to ascertain the voters’ intent in order to resolve those issues and interpret and implement Measure E consistent with applicable policies, regulations and laws.

On July 29, 2016, the El Dorado County Alliance for Responsible Planning filed a lawsuit in El Dorado County Superior Court seeking to invalidate Measure E. The lawsuit alleged that Measure E unlawfully prevents mitigation of traffic impacts, and is internally inconsistent with and frustrates the goals, objectives, and policies of the El Dorado County General Plan. The lawsuit sought a declaratory judgement that Measure E is invalid and a writ of mandate ordering the Board of Supervisors to cease enforcing the measure. In August 2017, the County Superior Court judge issued a judgment in which held that certain provisions of Measure E are unconstitutional and upheld other provisions Measure E. In particular, the County Superior Court judge’s

decision invalidated the following provisions of Measure E: (i) the requirement of completion of road improvements necessary to prevent cumulative traffic impacts of new development from reaching Level of Service F during peak hours before the County grants any form of discretionary approval to a covered project, (ii) the policy prohibiting the use of County tax revenues to pay for building road capacity improvements to offset traffic impacts from new development, unless County voters first approve, (iii) the requirement that that the County condition project approval on construction of all road improvements necessary to maintain or attain Level of Service standards detailed in the County Transportation Element and eliminates the County's ability to approve a project that worsens traffic on the County road system even when necessary road improvements are included in either the County's 10-or 20-year Capital Improvement Program, (iv) adds a new policy requiring that the County apply mitigation fees and assessments collected for infrastructure to the geographic zones from which they originated, and (v) mandates that the California Department of Transportation determine the traffic levels of service on Highway 50 on- and off-ramps and road segments and requires the County to fully accept such determinations for traffic planning purposes.

The County Superior Court judge's decision upheld provisions of Measure E which: (i) revised an existing policy limiting traffic impacts from the development of five or more parcels to include the development of five or more units, (ii) eliminates the ability of the County Board to add to the list of roads allowed to operate at Level of Service F and (iii) exempts certain improvements to existing residential infrastructure from payment of traffic impact mitigation fees and provides fee credits for other improvements.

On September 29, 2017, defendants Sue Taylor et al., appealed the Superior Court's decision to the California Court of Appeal, Third Appellate District. The case was fully briefed by November 2, 2018, but awaits the scheduling of oral arguments.

Notwithstanding the pending litigation, the County's Board of Supervisors has taken the necessary steps to revise the County's General Plan consistent with the Superior Court's judgment. The District does not expect that the effects of Measure E, as modified by the court's judgment, to have a material adverse impact on the District's ability to pay the principal of and interest on the 2020 Bonds and the Installment Payments.

THE WATER SYSTEM OF THE DISTRICT

The Water System

The lands within the District vary from gently rolling hills to mountainous terrain and in elevation from 500 to 4,200 feet above sea-level. The District operates its Water System within 180 distinct pressure zones. The contiguous water system of the District has three primary sources of water: FERC El Dorado Project 184 ("Project 184") at Forebay Reservoir, Jenkinson Lake, and Folsom Reservoir. See the caption "—Water Supply." The three sources of water all contribute to the main contiguous system and can be utilized to balance or partially balance water demands throughout the District. The District also operates small satellite water systems in the communities of Strawberry and Outingdale.

Project 184 on the South Fork of the American River historically provides one of the primary sources of water to the District, with up to 15,080 acre-feet obtained annually by the District via the Main Ditch from Forebay Reservoir. The source water is gravity-conveyed to the Reservoir 1 Water Treatment Plant and distribution facilities, one of the three major water treatment facilities of the District. Water treated at this facility supplies Pollock Pines and the upper Sly Park area, and is distributed into the Camino, Apple Hill, and Placerville areas. Water can be supplied via the El Dorado Main System and related conveyances to Cameron Park, and to El Dorado Hills via the Gold Hill Intertie. In most years, some untreated water from this supply is conveyed to Jenkinson Lake through the Hazel Creek Tunnel to augment drinking water storage at that facility.

Since the mid-1950s, the District has utilized approximately 23,000 acre-feet of water annually from Jenkinson Lake located on a tributary to the Cosumnes River. Water from Jenkinson Lake is treated at the Reservoir A Water Treatment Plant. Water from Reservoir A Water Treatment Plant is routed along the southern portion of the District via the Pleasant Oak Main/Diamond Springs Main to Cameron Park. Jenkinson Lake and

Reservoir A Water Treatment Plant also provide water to the north side of the District via the Camino Conduit to the Camino area and on to the central and western parts of the District via El Dorado Main No. 1 and No. 2; and as far as El Dorado Hills on the western edge of the District via the Gold Hill Intertie. On the south side, Jenkinson Lake raw water is also released into Clear Creek for aesthetic purposes and for agricultural and irrigation uses in the Crawford Ditch.

The El Dorado Hills water treatment plant treats water from various sources pumped from Folsom Reservoir, including a USBR Water Service Contract for 7,550 acre-feet, and two local water rights in excess of 21,000 acre-feet conveyed to and withdrawn from Folsom Reservoir via Warren Act Contracts. The plant serves the El Dorado Hills community. See the caption “—Water Supply” below.

Water Supply

The District obtains its water supply from three primary sources and one supplemental source: (1) licensed appropriative water rights at Jenkinson Lake; (2) a long-term water service contract and two Warren Act Contracts with the United States Department of Interior, Bureau of Reclamation (the “USBR”) from Folsom Reservoir, a unit of the Central Valley Project; (3) pre-1914 water rights from the South Fork American River and Truckee River watershed, delivered to the Forebay Reservoir in Pollock Pines via Project 184; and (4) as a supplemental source, pre-1914 water rights from the North Fork Cosumnes River and Clear Creek through the Crawford Ditch. In 2019 the calculated system firm yield from the first three of these sources of water supply of the District totaled 63,500 acre-feet. See under the caption “—Future Water Supplies.”

Under the provisions of the Water Infrastructure Improvements for the Nation Act (“WIIN Act”), the District may be eligible, upon request to the USBR, to convert one or more of its contracts with the USBR from a water service contract to a repayment contract. Under the WIIN Act, the District would prepay Central Valley Project construction costs allocated to the District as a condition of such conversion. The District is considering the advisability of such conversion and has not yet made a request to the USBR. No assurances can be made that the District will undertake such conversion or if such conversion is undertaken, the final terms of the repayment contract to be entered into between the District and USBR.

Sly Park Unit of the Central Valley Project. In December 2003, the District acquired the Sly Park Unit of the Central Valley Project, by discharging the former Sly Park Bureau Contract (the “Sly Park Facilities Contract”), as amended in 1961, 1972, 1975, and 1986 with the USBR and the former Sly Park Reservoir water service contract (the “Sly Park Water Contract” and together with the Sly Park Facilities Contract, the “USBR Contracts”). The District now owns, operates and receives water from these facilities consisting of the Sly Park dams and reservoir (Jenkinson Lake), Camp Creek diversion dam and tunnel, Camino Conduit, El Dorado Main Nos. 1 and 2, rights-of-way, and all appurtenances, facilities, and structures to provide water to the District. The water rights associated with these facilities are considerably in excess of the District’s maximum annual historical use from such facilities. The annual supply of Jenkinson Lake is approximately 23,000 acre-feet.

In October 1992, the President of the United States signed into law P.L. 102-575, Title 34, known as the Central Valley Project Improvement Act. The most significant impact of the legislation on the District was the establishment of the Environmental Restoration Fund, which levies a charge for water purchased under USBR Contracts. Despite the discharge of the USBR Contracts in December 2003, the District is required to continue to make payments into the Environmental Restoration Fund through 2029. For Fiscal Year 2019, the District paid \$291,963 to the USBR for deposit into the Environmental Restoration Fund in connection with the former Sly Park Water Contract. This total reflects a charge of \$21.26 per acre-foot for municipal and industrial water, and \$10.63 per acre-foot for irrigation water.

Folsom Reservoir Water Service and Warren Act Contracts. Pursuant to a long-term water service contract between the District and USBR (the “Folsom Reservoir Water Service Contract”), the District can divert up to 7,550 acre-feet per year of Central Valley Project water from Folsom Reservoir to serve the El Dorado Hills and western Cameron Park area. The original Folsom Reservoir Water Service contracts were executed on October 5, 1964 and December 19, 1973, and interim contracts were executed to provide water deliveries

through the year 2006. In 2006, the District and USBR executed the current long-term Folsom Reservoir Water Service Contract that consolidates the two previous contracts. The Folsom Reservoir Water Service Contract has a term of 40 years and provides the District with a right to successive renewals in accordance with its terms.

The rate for water service paid by the District to the USBR under the Folsom Reservoir Water Service Contract covers reimbursement of the capital costs of Folsom Reservoir, interest on capital costs allocated to municipal and industrial water users and operations and maintenance costs. Under the Folsom Reservoir Water Service Contract, the annual payment for capital costs of the Folsom Reservoir facilities is approximately \$17,000 per year with the final payment due in 2030. The cost paid by the District for water for municipal and industrial users in 2019 was \$23.24 per acre-foot. Additionally, the Environmental Restoration Fund charge is \$10.63 per acre-foot, resulting in a total cost per acre foot of water from the Folsom Reservoir to the District for 2019 of \$33.87. In Fiscal Year 2019 Environmental Restoration Fund payments to the USBR for Folsom Reservoir totaled \$141,575. For Fiscal Year 2020, the District budgeted \$284,000 for the total cost of Folsom Reservoir Water Service Contract deliveries.

In August 2010, the District and the USBR executed a long-term Warren Act Contract (the “Ditch/Weber Warren Act Contract”) to enable the District to utilize at Folsom Reservoir up to 4,560 acre-feet of water per year from four water rights formerly associated with historic District facilities. These water rights were included in the District’s system firm yield calculations for the first time in 2011. Three of the water rights are pre-1914 water rights associated with the Summerfield, Gold Hill, and Farmers Free Ditches, which are no longer operated. The fourth water right is a licensed appropriative right associated with Weber Reservoir. The term of the Ditch/Weber Warren Act Contract is 40 years, beginning March 1, 2011. Based on past experience with one-year Warren Act contracts for these supplies since 2003, the District expects the cost per acre-foot of water to be slightly less each year than the water cost under the Folsom Reservoir Water Service Contract. No Environmental Restoration Fund payments are required under the Ditch/Weber Warren Act Contract.

Additionally, the District has obtained an appropriative water right (Permit 21112) to make consumptive use of 17,000 acre-feet annually of the water previously used only for Project 184’s hydroelectric power operations. Pursuant to this right, water may be taken from Folsom Reservoir and delivered to District customers. In January 2015, the District and the USBR executed a 5-year Warren Act Contract to enable the District to utilize up to 8,500 acre-feet of water per year from the 17,000 acre-foot total water right, while the parties continued to negotiate the terms of a contract for long-term use of Folsom Reservoir for the entire 17,000 acre-feet. On August 3, 2016, the District and USBR finalized and signed a long-term Warren Act Contract for use of the full 17,000 acre-feet until 2030, after which such contract is eligible for renewal.

Forebay Reservoir. The District purchased Project 184 from PG&E in October 1999 and has retained its pre-1914 rights to 15,080 acre-feet of water annually delivered by Project 184 facilities to the Forebay Reservoir (a portion of Project 184) for water supply purposes. Project 184 is located in El Dorado, Amador, and Alpine Counties; predominantly in El Dorado County within the South Fork American River watershed. Water stored in Silver, Caples, and Echo lakes and Lake Aloha is released and then diverted, along with natural river flows, into the El Dorado Canal near Kyburz and Highway 50. The El Dorado Canal conveys up to 165 cubic feet per second (“cfs”) approximately 22.5 miles to Forebay Reservoir in Pollock Pines. At the Forebay Reservoir, the District diverts up to 15,080 acre-feet per year for drinking water treatment at Reservoir 1 water treatment plant. The balance of the flows entering Forebay Reservoir is utilized for power generation at Project 184’s El Dorado Powerhouse.

Crawford Ditch. The District has pre-1914 water rights to 5,000 acre-feet of water annually for both the North Fork Cosumnes River and Clear Creek points of diversion into the Crawford Ditch, a Gold Rush era ditch. Up to 15 cfs of water can be diverted from the North Fork Cosumnes River into the ditch by a diversion dam, and up to 15 cfs from Clear Creek by a diversion structure. Diversions are allowed from May to October on the North Fork Cosumnes River, and year-round from Clear Creek. Water from Crawford Ditch is available only as raw water for irrigation and agricultural customers located along the Crawford Ditch and none of this supplemental supply is included in the District’s system firm yield water supply calculations. Tail water from

the Crawford Ditch also supplements the pre-1914 water rights on Squaw Hollow Creek into the East-Diamond Ditch.

Hydroelectric Facilities. While the District generates power sales revenue from operating Project 184, the 1999 purchase of Project 184 from PG&E was primarily undertaken to preserve the pre-1914 water rights associated with the facilities (see the caption “—Water Supply—Forebay Reservoir” above) and to facilitate the acquisition of additional water rights thereafter obtained by Permit 21112. See the captions “—Water Supply—Forebay Reservoir” and “—Future Water Supplies.”

Since acquiring Project 184, the District has repaired extensive damage to the project caused by flooding and landslides in January 1997 and has continued to replace Project 184 assets that have reached end of life to maintain water supply reliability. The District presently sells all hydroelectric power generated by Project 184 to PG&E pursuant to a contract executed in 2010. The contract with PG&E expires in 2021 and the District is currently researching subsequent contracting options for selling Project 184 power. See the caption “—Hydroelectric Revenues.

Response to Weather Conditions

2012-2015 Drought. Hydrological conditions in California can vary widely, both in location and from year to year. From 2012 to 2015, much of California experienced one of the driest periods on record. Due to these sustained record-dry conditions, Governor Edmund G. Brown proclaimed a drought emergency on January 17, 2014. On April 1, 2015, Governor Brown issued an executive order (the “2015 Executive Order”) mandating, among other provisions, a 25% reduction in potable urban water usage in California (as compared to potable water usage in 2013), which reductions were extended on February 2, 2016 through October 31, 2016. On May 9, 2016, Governor Brown issued an executive order directing the State Water Resources Control Board (“SWRCB”) to adjust and extend the SWRCB’s emergency water conservation regulations through the end of January 2017 (the “2016 Executive Order”). On May 18, 2016 and in accordance with the 2016 Executive Order, the SWRCB adopted an emergency water conservation regulation (the “2016 SWRCB Regulation”) that replaced its February 2, 2016 emergency regulation and extended such regulations through January 31, 2017. The 2016 SWRCB Regulation requires urban water suppliers such as the District to develop conservation standards based upon each urban water supplier’s specific circumstances and replaces the prior percentage reduction-based water conservation standard described above. The conservation standards developed under the 2016 SWRCB Regulation must equal the percentages which urban water suppliers’ total potable water supplies are insufficient to meet their total potable water demands after three additional dry years.

District Drought Response Actions and Impact. In view of the dry weather from 2012 through the early part of 2014, the District’s Board of Directors declared a drought emergency and approved a Stage 2 water warning (the “Stage 2 Water Warning”) at a special meeting on February 4, 2014. The District maintained the drought emergency and Stage 2 Water Warning through 2014, and the Board of Directors modified and reaffirmed the Stage 2 Water Warning after the 2015 Executive Order and issuance of the SWRCB’s mandatory water conservation regulations in 2015. Pursuant to the Stage 2 Water Warning, the District implemented certain voluntary and mandatory actions as specified in its Drought Action Plan, intended to achieve a 30% reduction below normal water usage. As a result of the Stage 2 Water Warning, District staff made certain adjustments to its projected water deliveries, projected water sales revenues, projected recycled water revenues and projected hydroelectric revenues which were contained in the previously approved Fiscal Year 2014 Budget, and to the 2015-2016 biennial budget adopted on December 8, 2014. For information on actual deliveries and sales revenues in Fiscal Years 2014 and 2015, see the captions “—Historic Water Deliveries,” “—Historic Water Sales Revenues,” “—Hydroelectric Revenues” and “THE WASTEWATER SYSTEM OF THE DISTRICT—Historic Wastewater Service Charge Revenues” and “THE WASTEWATER SYSTEM OF THE DISTRICT—Historic Recycled Water Service Charge Revenues” below.

In 2014, after declaring a drought emergency and a Stage 2 Water Warning, potable water usage in the District was reduced by 20% compared to usage during 2013. In 2015 and 2016, after issuance of the Executive Orders and mandatory conservation requirements, potable water usage in the District was reduced by 30% and

28%, respectively, compared to 2013. Thus, the District met all SWRCB compliance requirements and conservation targets.

On March 28, 2016, at its regular Board meeting, the District's Board of Directors adopted Resolution No. 2016-010, ending the District's previously declared drought emergency, in light of improved water supply conditions in the District's water supply reservoirs. On May 9, 2016, the Board adopted a subsequent resolution ending its Stage 2 Water Warning. On June 22, 2016, based upon the water supply and demand data available to it, the District certified to the SWRCB, pursuant to the 2016 SWRCB Regulation, that the District has sufficient water resources to meet 100% of potable water demand even after an additional three dry years.

2017 Storm Events. Following the 2012-2015 historic drought, 2017 was one of the wettest years in California's historical record. On January 23, 2017, Governor Brown declared a state of emergency as a result of severe storm damage throughout the State. President Donald Trump subsequently declared a major disaster in California and directed the Federal Emergency Management Agency ("FEMA") make federal funding available for emergency recovery. The storms of January and February 2017 severely affected many of the District's facilities, including, flumes, canals and bench systems; water transmission mains; water treatment plant; hydroelectric power generation; roads that are District owned, or maintained; and sewer lines. Excessive rain flows threatened sewer system overflows and necessitated significant additional pumping. Additional detail with respect to the extent of damages incurred by the District is described below. Expedited emergency repairs were made in order to restore Project 184 water deliveries and power generation.

The storms in 2017 caused landslides that blocked and/or damaged a number of flumes and canals and caused slope failures which damaged roads and canals. In addition, the storms damaged a bridge which crosses the South Fork of the American River and is used by the District for ongoing operations of the El Dorado Canal. After the storm events, the District removed the debris from canals, flumes and roadways caused by the landslides and undertook construction of various improvements to stabilize hillsides and slopes, and repair and reinforce the damaged canals, flumes, roadways. The District also undertook repairs to the bridge crossing the South Fork of the American River. The costs to repair the damage from the flooding and landslides totaled approximately \$16,400,000.

Cost Recovery. As a result of the 2017 storm damage, the District sought reimbursement from FEMA and filed claims under the District's insurance coverage. To date, the District recovered \$12,200,000 from its insurer and/or FEMA. The District does not expect any ongoing costs related to repairs of the aforementioned facilities will have a material adverse effect on its ability to pay debt service on the 2020 Bonds and the Installment Payments.

Future Water Supplies

New Water Service Contract for Folsom Reservoir. P.L. 101-514, signed into law in 1992, directs the USBR to enter into a long-term water service contract with the El Dorado County Water Agency (the "EDCWA") for 15,000 acre-feet per year of water from Folsom Reservoir or upstream on the American River. EDCWA certified an Environmental Impact Report for this project in 2011 and EDCWA-USBR contract negotiations concluded in 2019. The final Environmental Impact Statement was published on May 10, 2019 and the Record of Decision was issued in October 2019. EDCWA and USBR signed the long-term water service contract on October 23, 2019 for a term of 40 years.

Though the District and EDCWA have not yet negotiated a contract that will enable the District to utilize this supply, the District expects that, pursuant to a prior contract with the EDCWA, the District will receive at least one-half, or 7,500 acre-feet, of the water subject to future negotiation of repayment costs. This contract entitlement, if secured, will be in addition to the current Folsom Reservoir Water Service Contract entitlement of 7,550 acre feet of water, the Ditch/Weber Warren Act Contract entitlement of 4,560 acre-feet of water, and the Permit 21112 Warren Act Contract entitlement of 17,000 acre-feet of water.

Storage and Delivery from Sacramento Municipal Utility District Reservoirs. In October 2005, the District, EDCWA, the El Dorado Water and Power Authority (“EDWPA”) and other parties (together, the “El Dorado Parties”) executed a Cooperation Agreement with Sacramento Municipal Utility District (“SMUD”). Among the Cooperation Agreement’s provisions were an entitlement for the El Dorado Parties to store and withdraw up to 30,000 acre-feet per year of water supplies from SMUD’s Upper American River Project (“UARP”) reservoirs through 2025, and up to 40,000 acre-feet per year thereafter. The El Dorado Parties are also entitled under the Cooperation Agreement to carry over up to 15,000 acre-feet of water supplies from year to year. In 2009, EDWPA, on behalf of its member agencies including the District, filed applications with the State Water Resources Control Board for sufficient water rights to take advantage of these contractual entitlements. In 2010, EDWPA released a Draft Environmental Impact Report for the water rights project. The water rights applications and environmental analysis are still pending, but in 2013, EDWPA began reformulating the newly named El Dorado Water Reliability Project, to include groundwater banking opportunities and other regional project partnerships in the Sacramento Valley. In 2019, EDWPA was dissolved after the withdrawal of both El Dorado County and the El Dorado County Water Agency. The District cannot predict whether or when the El Dorado Water Reliability Project may be approved.

Historic and Projected System Firm Yield

Set forth below is a summary of the District’s firm yield water supply for the last five audited Fiscal Years. Firm yield water supply is that amount which the District expects can be fully delivered in 95% of all years, with shortages of no more than 20% in the remaining years.

**El Dorado Irrigation District
Historic System Firm Yield
In Acre-Feet Per Year**

<i>Fiscal Year Ended</i>	<i>Total</i>
<i>December 31</i>	
2019	63,500
2018	63,500
2017	63,500
2016	63,500
2015	63,500

Source: Annual Water Resources and Service Reliability Reports.

Set forth below is a projection of the District’s firm yield water supplies for Fiscal Years 2020 through 2024. The projected firm yield water supplies exceed projected water deliveries described under the caption “—Projected Raw Water Deliveries.”

**El Dorado Irrigation District
Projected System Firm Yield
In Acre-Feet Per Year**

<i>Fiscal Year Ending</i>	<i>Total</i>
<i>December 31</i>	
2020	63,500
2021	63,500
2022	63,500
2023	63,500
2024	63,500

Source: Water Supply and Demand Report (formerly Water Resources and Reliability Report).

Historic Water Connections

The following table shows the growth in the number of water connections to the Water System for the last five audited Fiscal Years:

El Dorado Irrigation District Historic Water Connections

<i>Fiscal Year Ended December 31</i>	<i>Connections</i>	<i>Increase/(Decrease)</i>
2019	41,892	1.2%
2018	41,396	0.6
2017	41,133	0.4
2016	40,957	2.3
2015	40,028	1.0

Source: The District – 2019 CAFR, Table 27.

Historic Water Deliveries

The following table presents a summary of historic water deliveries for the Water System in acre-feet per year for the last five audited Fiscal Years:

El Dorado Irrigation District Historic Water Deliveries In Acre-Feet Per Year

<i>Fiscal Year Ended December 31</i>	<i>Total</i>	<i>Increase/(Decrease)</i>
2019 ⁽¹⁾	31,605	(7.2)%
2018 ⁽²⁾	34,069	4.9%
2017 ⁽²⁾	32,481	7.8
2016	30,135	8.4
2015 ⁽³⁾	27,810	(6.6)

⁽¹⁾ Decrease in Fiscal Year 2019 a result of wet hydrological conditions in April and May of 2019.

⁽²⁾ Increase in Fiscal Years 2017 and 2018 reflects a return to normal water use following mandatory conservation measures required by the 2015 Executive Order. See the caption “—Response to Weather Conditions.”

⁽³⁾ Deliveries for Fiscal Year 2015 reflect the effects of mandatory conservation measures required by the 2015 Executive Order. See the caption “—Response to Weather Conditions.”

Source: The District – 2019 CAFR, Table 27.

Historic water deliveries reflect connections to the Water System as well as water demand, which can be affected by weather conditions and other factors. See the caption “—Historic Water Connections” above.

Historic Water Sales Revenues

The following table shows annual water sales revenues from water sales for the last five audited Fiscal Years:

**El Dorado Irrigation District
Historic Water Sales Revenues**

<i>Fiscal Year Ended December 31</i>	<i>Sales Revenues</i>	<i>Increase/(Decrease)</i>
2019	\$30,917,264	0.6%
2018	30,726,486	1.2
2017	30,376,487	9.6
2016	27,708,164	9.3
2015 ⁽¹⁾	25,344,067	(3.2)

⁽¹⁾ Sales revenues for Fiscal Year 2015 reflect the effects of mandatory conservation measures required by the 2015 Executive Order. See the caption “—Response to Weather Conditions.”

Source: The District.

Water sales revenues reflect water deliveries as well as rates and charges, which have increased over the five year period described above. See the caption “—Water System Rates and Charges” below.

Water Transfer. As hydrologic conditions permit, the District seeks to maximize the value of its water resources by selling water to other water agencies seeking to supplement their own supplies. This practice is referred to as water transferring and can be a source of non-rate revenue for the District. For example, in 2015, the District approved a transfer agreement (the 2015 Transfer Agreement”) with Westlands Water District (“Westlands”). Under the 2015 Transfer Agreement, Westlands agreed to pay the District \$700 per acre-foot plus incidental costs for up to 6,430 acre-feet of water delivered to Westlands at Folsom Reservoir, which water would be made available by the District through releasing water otherwise stored in Weber Reservoir and Silver Lake, one of the Project 184 reservoirs. Ultimately, the District transferred 2,110 acre-feet of water to Westlands for total revenues of \$1,849,860.

In 2016, Westlands indicated to the District that it desires to purchase additional transfer water whenever there is available conveyance capacity in the State and federal conveyance facilities. In 2016, 2017 and 2019, based upon the limited conveyance capacity of the State and federal conveyance facilities in normal and wet water years required to convey District water, the District was not able to transfer water to Westlands or any other entity.

In 2018, the District transferred water to State Water Contractors for two of their member agencies (Kern County Water Agency and Dudley Ridge Water District). The contract price was \$350 per acre-foot plus incidental costs. The District ultimately transferred 1,533 acre-feet for total revenues of \$556,550.

Westlands has indicated that it is interested in purchasing transfer water from the District in all future years in which there is sufficient conveyance capacity to move water. The District is actively negotiating with potential buyers for a transfer of water in 2020. Because water transfers are speculative and dependent on numerous factors outside the District’s control, the District has not included water transfer revenue into its projections of water sales revenue, see the caption “—Projected Water Sales Revenues” below.

Largest Customers

The following table sets forth the largest customers of the Water System as of the Fiscal Year ended December 31, 2019 (the most recently completed audited Fiscal Year), as determined by annual payments:

**El Dorado Irrigation District
Largest Water Customers**

<i>Customer</i>	<i>Annual Payments</i>
City of Placerville	\$ 470,290
Cameron Park Golf Course	177,816
El Dorado Hills Community Services District	155,818
El Dorado Union High School District	130,270
Buckeye Union School District	101,185
Red Hawk Casino	95,357
Rescue Union School District	82,764
Lennar Homes Calif Inc Ca Corp	78,668
Lake Oaks Mobile Home Park	77,691
Lake Forest Apartments LLC	73,793
Total	<u>\$ 1,443,652</u>

Source: The District – 2019 CAFR, Table 13.

These largest customers accounted for approximately 4.7% of water sales from the Water System and approximately 1.4% of total District Revenues in 2019.

Water System Rates and Charges

General. The water rates of the District vary for different classes of customers. The District, by direction of USBR, has implemented an ascending tiered rate structure to encourage water conservation. Each water customer pays a basic monthly charge, which is billed bimonthly, and a commodity charge, based on the quantity of water used, measured in cubic feet (“cf”).

The retail water rates of the District for Fiscal Years 2019 and 2020 applicable to the single family residential customer groups are shown in the following table:

**El Dorado Irrigation District
Retail Water Rates and Charges⁽¹⁾
Fiscal Years 2019 and 2020**

	<i>1/1/2019</i>	<i>1/1/2020</i>
Minimum Bi-Monthly Base Charge (3/4-inch meter)	\$ 61.68	\$ 63.53
Commodity Charge for 0-1,800 cf	0.01498	0.01543
Commodity Charge for 1,801-4,500 cf	0.01808	0.01862
Commodity Charge for 4,501 cf and above	0.02121	0.02185

⁽¹⁾ 1 cf = 1 cubic foot of water.
Source: The District.

Retail water rates and commodity charges vary based on meter size. Other water rates apply for multi-family, commercial/industrial, small farms, ditches, agricultural metered irrigation, recreational turf and wholesale services. However, more than 93% of the District’s customer accounts and more than 61% of its water deliveries are in the single-family residential customer group.

On April 27, 2020 after a notice, public hearing and protest process described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218,” the Board of Directors approved Water System rate increases of approximately 5% annually through Fiscal Year 2025, subject to an annual review of the need to implement the rate increases and adjust the percentage of rate increase downward, if warranted. The Board of Directors has the authority to reduce such rates in the future, subject to the rate covenant with respect to the Water System described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Rate Covenants.” The Water System projected operating results under the caption “—Projected Operating Results and Debt Service Coverage” are based on such approved rate increases and assume implementation of the approved rate increases by the Board of Directors in Fiscal Years through 2023.

Facility Capacity Charges. The table below sets forth system-wide facility capacity charges for Fiscal Years 2019 and 2020 for the Water System. Facility capacity charges consist of a one-time connection fee.

**El Dorado Irrigation District
Water System Facility Capacity Charges
Fiscal Years 2019 and 2020**

<i>2019 Rate</i>	<i>2020 Rate⁽¹⁾</i>
\$ 20,289	\$ 21,442

⁽¹⁾ Effective January 1, 2020.
Source: The District.

Water Service Charges. The table below sets forth a comparison of the water rates of the District and charges for a single-family residential user for 30 ccf of consumption to those of nearby water purveyors as of January 1, 2020:

<i>Community</i>	<i>Total Bi-Monthly Bill</i>
Elk Grove Water District	\$179.90
City of Grass Valley	162.15
Placer County Water Agency	157.16
City of Placerville	155.71
Rancho Murieta CSD	160.74
Nevada Irrigation District	159.59
South Tahoe PUD	139.51
<i>El Dorado Irrigation District</i>	<i>113.64</i>
Sacramento Suburban	109.92
City of Folsom	85.40
Citrus Heights Water District	92.94

Source: The District.

Collection Procedures

The District utilizes a bimonthly billing cycle for water, wastewater and recycled water services and sends a consolidated bill every other month to District customers. Payment is due by the 21st day after the billing date, and is considered delinquent if not paid within 5 business days of the due date. When a customer’s account becomes delinquent, the District will send a Past Due Notice by mail and assess a late fee, giving the customer an additional 10 days to make payment in full or if authorized, establish a payment plan. If the District does not receive payment or the customer does not establish a payment arrangement within the 10 days, the District will send a Second Past Due Notice to the customer by mail and assess an additional late fee. Accounts that remain delinquent may receive additional notifications via phone in an attempt to collect payment or establish a payment plan. Account balances that remain unpaid for 120 days are subject to a lien being recorded against the property and may be collected through the property taxes on an annual basis.

In response to the recent novel coronavirus outbreak described under the caption “INVESTMENT CONSIDERATIONS—Coronavirus,” on April 2, 2020, Governor Newsom signed an executive order, which among other things, suspends the authority of water systems, such as the District, from suspending water service for non-payment. The District has also temporarily suspended collection activities and late fees and penalties.

As of December 31, 2019, 5.09% of the accounts are 30 days delinquent, which represents approximately 0.11% of the total amounts billed for 2019. The District has not undergone a full billing cycle since the Governor’s executive order went into effect. The delinquency rate for April 2020 was not materially higher than the delinquency rate for April 2019. The District can make no assurances that delinquency rates will not increase further as a result of the economic impact of the COVID-19 outbreak.

The District has reviewed the executive order and does not currently believe that such order and the District’s temporary suspension of collection activities will materially adversely affect the District’s projected operating results set forth under the caption “THE WATER SYSTEM OF THE DISTRICT—Projected Operating Results and Debt Service Coverage” or the District’s ability to pay the 2020 Bonds or to pay the Installment Payments, which secure the 2020A Certificates.” However, no assurances can be made as to the ultimate impact of the outbreak and responses thereto by local, State and federal governments on the District. See the caption “INVESTMENT CONSIDERATIONS—Coronavirus.”

Future Water System Improvements

The District projects total capital improvements to the Water System, including FERC-mandated projects and improvements to the hydroelectric system, for existing users of approximately \$128,243,000 over the next five years. The District projects capital improvements to the Water System, including FERC mandated projects and improvements to the hydroelectric system, to accommodate future growth of approximately \$34,380,000 over the next five years. The District expects that such capital improvements will be funded from proceeds of the 2020A Certificates and by facility capacity charges and grants. The District expects to obtain all environmental and other permits and approvals necessary for such capital improvements in a timely manner to permit expenditures on the referenced capital improvements.

Projected Potable Water Connections

The following table shows the projected increase in the number of potable water connections to the Water System projected by the District for 2020 through Fiscal Year 2024:

**El Dorado Irrigation District
Projected Potable Water Connections⁽¹⁾**

<i>Fiscal Year Ending December 31</i>	<i>Connections</i>	<i>Increase/(Decrease)</i>
2020	42,338	1.0%
2021	42,550	0.5
2022	42,763	0.5
2023	42,977	0.5
2024	43,192	0.5

⁽¹⁾ The number of projected water connections is estimated from El Dorado County growth rate estimate of 1.03%.
Source: The District.

The number of connections to the Water System will be affected by the pace of development activity within the portions of the District served by the Water System. See the caption “THE EL DORADO IRRIGATION DISTRICT—Certain Factors Affecting Growth” above.

Projected Raw Water Deliveries

The District currently estimates that raw water deliveries for 2020 through Fiscal Year 2024 will be as follows:

**El Dorado Irrigation District
Projected Raw Water Deliveries
In Acre-Feet Per Year**

<i>Fiscal Year Ending December 31</i>	<i>Total</i>	<i>Increase/(Decrease)</i>
2020	31,930	1.0
2021	32,090	0.5
2022	32,250	0.5
2023	32,411	0.5
2024	32,573	0.5

Source: The District.

Projected water deliveries are based on 2019 demand using the growth rate from the potable water connections table above in subsequent years. Water deliveries will be highly variable from year-to-year based on weather, climate and other factors. See the caption “—Response to Weather Conditions.”

Projected Water Sales Revenues

The following table projects annual water sales revenues of the Water System, which projections are based on the increases in projected water deliveries described under the caption “—Projected Raw Water Deliveries” and rates described under the caption, “—Water System Rates and Charges”:

El Dorado Irrigation District Projected Water Sales Revenues

<i>Fiscal Year Ending December 31</i>	<i>Sales Revenues</i>	<i>Increase/(Decrease)</i>
2020 ⁽¹⁾	\$33,019,452	6.8%
2021	34,809,106	5.4
2022	36,695,760	5.4
2023	38,684,670	5.4
2024	40,781,379	5.4

⁽¹⁾ Increase reflects a previously approved 5% rate increase effective January 1, 2020 as described under the caption “—Water System Rates and Charges—General.”
Source: The District.

Hydroelectric Revenues

In 2010, the District and PG&E executed a long-term power purchase agreement for Project 184 power generation revenues, and the California Public Utilities Commission approved such power purchase agreement. The contract term expires on May 15, 2021, with PG&E holding a right of first offer for ten additional years thereafter. The District does not expect PG&E to enter into an extension to the contract. The District has been researching power generation capability with a recently enlarged Forebay Reservoir. The District expects to seek a new power sales agreement with other parties to go into effect upon expiration of the PG&E contract. Annual revenues are expected to fluctuate according to hydrology, generation patterns, and drinking water needs. Based on the current power market conditions, past Project 184 operations, and Project 184 license conditions, the District expects hydroelectric revenues under a new long-term power purchase agreement to average approximately \$5,000,000-7,000,000 per year. See the caption “—Projected Operating Results and Debt Service Coverage.” There can be no assurances as to the actual amounts received and the amounts received in any Fiscal Year may vary and such variation may be material. See the caption “—Historic Operating Results and Debt Service Coverage” for recent hydroelectric revenues which have varied from a low of \$4,159,925 in 2015 to a high of \$11,390,167 in 2017.

Historic Operating Results and Debt Service Coverage

The following tables are summaries of operating results of the Water System of the District, for the last five audited Fiscal Years. Beginning in fiscal year 2017, the District revised the presentation of its historic operating results to conform to similar revisions made in its audited financial statements. Such revised presentation is shown below for Fiscal Years 2017 through 2019. These results have been derived from the Financial Statements of the District but exclude certain receipts which are not included as Revenues under the Indenture and the 2020 Installment Purchase Agreement and certain non-cash items and include certain other adjustments.

**El Dorado Irrigation District
Water System
Historic Operating Results
Fiscal Years Ended December 31 2015 and 2016**

	<i>2016</i>	<i>2015</i>
Revenues		
Water Sales	\$ 27,708,164	\$ 25,344,067
Facility Capacity Charges	6,627,223	7,142,002
1% Property Tax Revenue ⁽¹⁾	6,740,385	6,429,078
Water Service	814,778	1,127,115
Surcharges ⁽¹⁾	1,417,526	1,449,355
Investment Income ⁽¹⁾	491,752	201,751
Recreation Fees	1,532,912	1,349,431
Hydroelectric Revenues	6,296,331	4,159,925
Other Income ⁽¹⁾	<u>2,069,293</u>	<u>3,195,993⁽⁶⁾</u>
Total Revenues	\$ 53,698,364	\$ 50,398,717
Operation and Maintenance Costs⁽¹⁾		
Communications	\$ 209,906	\$ 239,696
Human Resources	1,498,677	1,325,194
Information Technology	1,354,282	1,292,852
Engineering	1,933,389	1,601,307
Water Operations	11,305,353	11,621,987
Finance	4,594,042	4,498,854
Hydroelectric	3,944,557	3,414,272
Office of the General Manager	1,625,969	1,448,635
Recreation Facilities	1,358,062	1,274,760
Other Expenses ⁽²⁾	<u>1,198,919</u>	<u>1,240,622</u>
Total Operation and Maintenance Costs	\$ 29,023,156	\$ 27,958,179
Net Revenues	\$ 24,675,208	\$ 22,440,538
Pre-existing Obligations		
Existing State Loans	<u>\$ 1,079,317</u>	<u>\$ 1,079,317</u>
Total Pre-existing Obligations	\$ 1,079,317	\$ 1,079,317
Net Revenues Available for Senior Debt Service Coverage	\$ 23,595,891	\$ 21,361,221
Senior Debt Service⁽³⁾		
2004A Installment Purchase Agreement	--	--
2008A Installment Purchase Agreement	\$ 171,360	\$ 20,704
2009A Installment Purchase Agreement	2,126,980	2,379,843
2010A Installment Purchase Agreement ⁽⁴⁾	446,530	446,530
2012A Bonds	1,306,950	1,306,950
2012B Bonds	126,473	128,862
2014 Bonds ⁽⁵⁾	3,576,443	3,583,546
2016A Bonds	41,344	--
2016B Installment Purchase Agreement	176,335	--
2016C Bonds	--	--
Additional State Loans	<u>373,310</u>	<u>373,310</u>
Total Senior Debt Service	\$ 8,345,725	\$ 8,239,745
Senior Debt Service Coverage	2.83	2.59
Cash Available for Capital Projects or Other Purposes	\$ 15,250,166	\$ 13,121,476

⁽¹⁾ Reflects the share allocated to the Water System.

⁽²⁾ Includes fees payable with respect to the credit facility in place from time-to-time relating to the 2008 Certificates. In 2016, the District refunded the outstanding 2008 Certificates with a portion of the proceeds of the 2016C Bonds.

(Footnotes continued on following page)

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- (3) Debt service payments allocated to the Water System.
- (4) As discussed below under the caption “—Projected Operating Results and Debt Service Coverage,” the District prepaid, from District reserves, the outstanding amount under the 2010A Installment Purchase Agreement on March 1, 2019.
- (5) Reflects prepayments in 2014 and 2015 of principal and interest due on the next succeeding March 1, respectively. See the caption “—Management Discussion With Respect to Fiscal Years 2014 through 2019” below.
- (6) Fiscal Year 2015 amount includes \$1,849,860 resulting from a one-time water transfer. See the caption “Historic Water Sales Revenues—Water Transfer.”

Source: The District.

**El Dorado Irrigation District
Water System
Historic Operating Results
Fiscal Years Ended December 31 2017 through 2019**

	<i>2019</i>	<i>2018</i>	<i>2017</i>
Revenues			
Water Sales	\$ 30,917,264	\$ 30,726,486	\$ 30,376,487
Facility Capacity Charges	7,751,824	11,459,428	7,948,633
1% Property Tax Revenue ⁽¹⁾	7,886,930	7,629,367	7,137,252
Water Service	730,601	1,265,974	506,637
Surcharges ⁽¹⁾	1,356,609	1,508,995	1,367,022
Investment Income ⁽¹⁾⁽²⁾	1,633,289	1,804,753	875,668
Recreation Fees	1,774,235	1,720,429	1,597,877
Hydroelectric Revenues ⁽³⁾	9,679,827	5,953,290	11,390,167
Other Income ⁽¹⁾⁽⁴⁾	<u>4,158,482</u>	<u>1,564,708</u>	<u>5,705,226</u>
Total Revenues	\$ 65,889,061	\$ 63,633,430	\$ 66,904,969
Operation and Maintenance Costs⁽¹⁾			
Personnel Expenses ⁽⁵⁾	\$ 19,150,863	\$ 19,392,743	\$ 17,695,757
Operating Supplies	3,185,353	2,635,940	2,351,519
Chemicals	466,963	420,559	454,437
Administration	2,867,045	2,936,184	2,563,774
Utilities	2,514,253	2,450,264	2,369,680
Professional Services	3,270,909	2,799,879	2,497,966
Repair Services	1,764,105	1,077,025	1,197,626
Insurance	630,219	494,432	492,404
Other Expenses	<u>1,736,552</u>	<u>334,739</u>	<u>157,459</u>
Total Operation and Maintenance Costs	\$ 35,586,262	\$ 32,541,765	\$ 29,780,622
Net Revenues	\$ 30,302,799	\$ 31,091,665	\$ 37,124,347
Pre-existing Obligations			
Existing State Loans	<u>\$ 1,079,317</u>	<u>\$ 1,079,317</u>	<u>\$ 1,079,317</u>
Total Pre-existing Obligations	\$ 1,079,317	\$ 1,079,317	\$ 1,079,317
Net Revenues Available for Senior Debt Service Coverage	\$ 29,223,482	\$ 30,012,348	\$ 36,045,030
Senior Debt Service⁽⁶⁾			
2009A Installment Purchase Agreement	\$ 1,876,917	\$ 1,876,133	\$ 1,875,461
2010A Installment Purchase Agreement ⁽⁷⁾	446,530	446,530	446,530
2012A Bonds ⁽⁸⁾	2,614,050	2,619,692	2,620,205
2012B Bonds	128,356	126,208	126,516
2014 Bonds ⁽⁹⁾	3,574,127	3,576,471	3,582,180
2016A Bonds	451,024	451,024	451,024
2016B Installment Purchase Agreement	1,923,650	1,923,650	1,923,650
2016C Bonds	2,442,480	2,442,480	2,205,017
Additional State Loans	<u>373,310</u>	<u>373,310</u>	<u>373,310</u>
Total Senior Debt Service	\$ 13,830,444	\$ 13,835,498	\$ 13,603,893
Senior Debt Service Coverage	2.11	2.17	2.65
Cash Available for Capital Projects or Other Purposes	\$ 15,393,038	\$ 16,176,850	\$ 22,441,137

⁽¹⁾ Reflects the share allocated to the Water System. Impact from Fiscal Year 2018 to Fiscal Year 2019 related to additional costs incurred by the District in response to several public safety power shutoff events initiated by PG&E.

⁽²⁾ Excludes unrealized gains and losses on investments.

⁽³⁾ Increase in Fiscal Year 2017 a result of power production and insurance reimbursement for lost power production revenues for 2017 storm damage to water canal system.

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- (4) Excludes the Water System's share of the \$2.9 million non-cash write-off of expected reimbursements from FEMA that was recognized and accrued as revenues in 2017 in accordance with Generally Accepted Accounting Principles. Were the District to not have recognized the FEMA revenue in Fiscal Year 2017, senior debt service coverage in Fiscal Year 2017 would have been 2.45. Fiscal Year 2019 revenue increase related to FEMA grant revenue recovery from the 2017 storm event. See the caption "Response to Weather Conditions—2017 Storm Events."
- (5) Excludes non-cash accrual of benefits related to pension and post-employment benefits.
- (6) Debt service payments allocated to the Water System.
- (7) As discussed below under the caption "—Management Discussion With Respect to Fiscal Years 2014 through 2019," the District prepaid, from District reserves, the outstanding amount under the 2010A Installment Purchase Agreement on March 1, 2019.
- (8) Reflects prepayments in 2016, 2017 and 2018 of principal and interest due on the next succeeding March 1, respectively (57.4% of this prepayment was allocated to the Water System and 42.6% was allocated to the Wastewater System). See the caption "—Management Discussion With Respect to Fiscal Years 2014 through 2019" below.
- (9) Reflects prepayments in 2016, 2017 and 2018 of principal and interest due on the next succeeding March 1, respectively (55.2% of this prepayment was allocated to the Water System and 44.8% was allocated to the Wastewater System). See the caption "—Management Discussion With Respect to Fiscal Years 2014 through 2019" below.

Source: The District.

Management Discussion With Respect To Fiscal Years 2014 through 2019

In Fiscal Years 2016 through 2018 the District prepaid \$2,998,800, \$2,997,369 and \$2,995,925 in principal and interest, respectively, of the 2012A Bonds due on the succeeding March 1, from District reserves. In Fiscal Years 2016 through 2018, approximately 57.4% of such prepayments were allocable to the Water System in each of such Fiscal Years.

In Fiscal Years 2014 through 2018 the District prepaid \$2,997,300, \$2,998,800, \$2,998,800, \$2,998,125 and \$2,998,125 in principal and interest, respectively, of the 2014 Bonds due on the succeeding March 1, from District reserves. In Fiscal Years 2014 through 2018, approximately 55.2% of such prepayments were allocable to the Water System in each of such Fiscal Years.

In addition, on March 1, 2019, the District prepaid, from District reserves, the outstanding \$14,755,000 principal amount under the 2010A Installment Purchase Agreement, at a prepayment price equal to such principal amount, plus interest with respect thereto to the prepayment date, without premium.

Without the foregoing prepayments, with respect to the Water System, the District's senior debt service coverage would have been 2.16 in Fiscal Year 2015, 2.36 in 2016, 2.12 in Fiscal Year 2017, 1.74 in Fiscal Year 2018 and 1.70 in Fiscal Year 2019.

Projected Operating Results and Debt Service Coverage

The estimated projected operating results for the Water System of the District for Fiscal Year 2020 through Fiscal Year 2024 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on a variety of assumptions, including the assumptions set forth in the footnotes to the chart set forth below. All of such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

In Fiscal Year 2019, the District prepaid \$2,999,588 in principal and interest, of the 2012A Bonds due on March 1, 2020 from District reserves. Approximately 57.4% of such prepayment was allocable to the Water System in such Fiscal Year.

In Fiscal Year 2019, the District prepaid \$2,998,125 in principal and interest of the 2014 Bonds due on March 1, 2020 from District reserves. Approximately 55.2% of such prepayment was allocable to the Water System in such Fiscal Year.

Without the foregoing prepayments, with respect to the Water System, the District's senior debt service coverage would have been projected to be 1.90 in Fiscal Year 2020.

The District anticipates prepaying, from District reserves, approximately \$6,000,000 in principal amount of the 2012A Bonds, 2014 Bonds and the 2020C Bonds in each of Fiscal Years 2020 through 2023. Approximately 52.7% of such amounts is expected to be allocated to the Water System in each of such Fiscal Years. As a result of such prepayments, with respect to the Water System, the District projects achieving 1.86 times senior debt service coverage in Fiscal Year 2021, 1.53 in Fiscal Year 2022, 1.61 in Fiscal Year 2023 and 1.70 in Fiscal Year 2024. No assurances can be made that such prepayments will be made and if such prepayments are made, that such debt service coverage levels will be achieved.

**El Dorado Irrigation District
Water System
Projected Operating Results
Fiscal Year Ended December 31**

	2020 ⁽²⁰⁾	2021	2022	2023	2024
Revenues					
Water Sales ⁽¹⁾	\$ 33,019,452	\$ 34,809,106	\$ 36,695,760	\$ 38,684,670	\$ 40,781,379
Facility Capacity Charges ⁽²⁾	4,939,944	11,534,487	2,950,000	2,950,000	2,950,000
1% Property Tax Revenue ⁽³⁾	9,338,630	9,525,403	9,715,911	9,910,229	10,108,434
Surcharges ⁽⁴⁾	1,405,600	1,411,222	840,487	840,487	840,487
Investment Income ⁽⁵⁾	450,000	450,000	450,000	450,000	450,000
Recreation Fees ⁽⁶⁾	1,468,428	1,497,796	1,527,752	1,558,308	1,589,474
Hydroelectric Revenues ⁽⁷⁾	8,000,000	7,000,000	6,000,000	6,000,000	6,000,000
Other Income ⁽⁸⁾	1,488,060	1,291,132	774,217	777,314	780,423
Total Revenues	<u>\$ 60,110,114</u>	<u>\$ 67,519,146</u>	<u>\$ 58,954,127</u>	<u>\$ 61,171,008</u>	<u>\$ 63,500,197</u>
Operation and Maintenance Costs⁽⁹⁾					
Personnel Expenses	\$ 19,808,075	\$ 20,600,398	\$ 21,424,414	\$ 22,067,146	\$ 22,729,161
Operating Supplies	2,740,177	2,849,784	2,963,775	3,052,689	3,144,269
Chemicals	509,846	530,240	551,449	567,993	585,032
Administration	3,134,239	3,259,609	3,389,993	3,491,693	3,596,444
Utilities	2,647,201	2,753,089	2,863,213	2,949,109	3,037,582
Professional Services	4,048,932	4,010,889	3,651,325	3,760,865	3,873,691
Repair Services	2,160,770	2,247,200	2,337,088	2,407,201	2,479,417
Insurance	680,969	708,208	736,536	758,632	781,391
Total Operation and Maintenance Costs	<u>\$ 35,730,209</u>	<u>\$ 36,959,417</u>	<u>\$ 37,917,793</u>	<u>\$ 39,055,328</u>	<u>\$ 40,226,987</u>
Net Revenues	24,379,905	30,559,729	21,036,334	22,115,680	23,273,210
Pre-Existing Obligations					
Existing State Loans ⁽¹⁰⁾	\$ 539,659	\$ -	\$ -	\$ -	\$ -
Total Pre-Existing Obligations	\$ 539,659	\$ -	\$ -	\$ -	\$ -
Net Revenues Available for Senior Debt Service Coverage	\$ 23,804,246	\$ 30,559,729	\$ 21,036,334	\$ 22,115,680	\$ 23,273,210
Senior Debt Service⁽¹¹⁾					
2012A Bonds ⁽¹²⁾	\$ 2,533,650	\$ 4,171,708	\$ 1,527,966	\$ 1,528,324	\$ 1,525,670
2012B Bonds ⁽¹³⁾	127,205	128,546	-	-	-
2014 Bonds ⁽¹⁴⁾	3,568,955	2,853,599	3,038,730	3,033,903	3,037,296
2016A Bonds	2,196,208	2,193,576	2,194,920	2,193,590	2,195,550
2016B Installment Purchase Agreement	1,923,650	2,545,950	2,444,250	2,494,250	2,491,500
2016C Bonds ⁽¹⁵⁾	2,442,480	2,442,480	2,442,480	2,442,480	2,442,480
2020A Installment Purchase Agreement ⁽¹⁶⁾	675,667	3,874,125	3,875,250	3,879,000	3,875,375
2020B Bonds ⁽¹⁷⁾	78,444	1,250,000	1,243,000	1,229,125	1,135,500
2020C Bonds ⁽¹⁸⁾	66,984	137,483	136,623	135,736	137,565
Additional State Loans ⁽¹⁹⁾	186,656	-	-	-	-
Total Senior Debt Service	<u>\$ 13,799,899</u>	<u>\$ 19,597,467</u>	<u>\$ 16,903,219</u>	<u>\$ 16,936,408</u>	<u>\$ 16,840,936</u>
Senior Debt Service Coverage	1.73	1.56	1.24	1.31	1.38
Cash Available for Capital Projects or Other Purposes	\$ 10,040,347	\$ 10,962,262	\$ 4,133,115	\$ 5,179,272	\$ 6,432,274

(1) Based on projected water sales described under the caption “—Projected Water Sales Revenues” and projected increases in retail water rates and charges described under the caption “—Water System Rates and Charges.”

(2) Represents facility capacity charges projected to be collected from operation of the Water System. Fiscal Years 2020 and 2021 amounts are based on unaudited results and discussions with developers within the District’s service area. For Fiscal Year 2022 through Fiscal Year 2024 projections are estimated by the District using the projected number of water connections is derived from engineering estimates contained within the District’s 2013 Water Resources Master Plan – Table 9-2, which are used for projecting timing and sizing of water facility additions. The 2013 Water Resources Master Plan information was derived by engineering consultants using, in part, County of El Dorado Economic Development growth projections.

(Footnotes continued on following page)

(Continued from previous page)

- (3) Represents the projected share allocated to the Water System. Property taxes collected are allocated between the Water and Wastewater Systems at the District's discretion. See the caption "EL DORADO IRRIGATION DISTRICT—1% Property Tax Revenues." Increase in 2020 through 2024 is attributable in part to Board approved allocation of tax revenue between the Water and Wastewater Systems to reflect 75% to the Water System and 25% to the Wastewater System.
- (4) Represents surcharges projected to be collected from operation of the Water System. Revenues collected decrease in 2022 as a result of "Line and Cover Surcharge #2" sunseting.
- (5) Projected at 1 % to 2% per annum on projected Water System reserves.
- (6) Based on District projections.
- (7) Projected hydroelectric revenues through Fiscal Year 2021 based on amount per the contract with PG&E. Fiscal Year 2022 through 2024 based on estimated amounts to be received under a new long-term power purchase agreement. See the caption "—Hydroelectric Revenues."
- (8) Projected to remain the same as budgeted in Fiscal Year 2020. Includes water sales to City of Placerville at wholesale rates. See the caption "EL DORADO IRRIGATION DISTRICT—Service Area."
- (9) Increases in amounts are projected at a rate of 4% per annum for Fiscal Years 2021 and 2022 and 3% for Fiscal Years 2023 and 2024.
- (10) See the caption "EL DORADO IRRIGATION DISTRICT—Other Outstanding Revenue Obligations—Pre-Existing Obligations." The District expects to refund all of the Pre-Existing Obligations from a portion of the proceeds of the 2020B Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (11) Debt Service allocated to the Water System.
- (12) Portion of payments of principal of and interest on 2012A Bonds allocated to the Water System. Fiscal Year 2020 amount reflects prepayments from District reserves of principal of and interest on the 2012A Bonds due on March 1, 2020 in the amount of \$2,999,588 (57.4% of this prepayment was allocated to the Water System and 42.6% was allocated to the Wastewater System). The District expects to refund a portion of the outstanding 2012A Bonds from a portion of the proceeds of the 2020C Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (13) Portion of payments of principal of and interest on 2012B Bonds allocated to the Water System. The District expects to refund the outstanding 2012B Bonds from a portion of the proceeds of the 2020C Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (14) Portion of payments of principal of and interest on 2014 Bonds allocated to the Water System. Fiscal Year 2020 amount reflects prepayment from District reserves of principal of and interest on the 2014 Bonds due on March 1, 2020 in the amount of \$2,998,125 (55.2% of this prepayment was allocated to the Water System and 44.8% was allocated to the Wastewater System). The District expects to refund a portion of the outstanding 2014 Bonds from a portion of the proceeds of the 2020C Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (15) Portion of payments of principal of and interest on 2016C Bonds allocated to the Water System. The District expects to refund a portion of the outstanding 2016C Bonds from a portion of the proceeds of the 2020C Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (16) Based on an estimated principal amount of \$60,810,000 and true interest cost of 3.30%.
- (17) Based on an estimated principal amount of \$7,060,000 and true interest cost of 1.11%.
- (18) Based on an estimated principal amount of \$5,920,000 and true interest cost of 3.14%.
- (19) Reflects payments under the DPH Contract which are on parity with the Installment Purchase Agreement. See the caption "EL DORADO IRRIGATION DISTRICT—Other Outstanding Revenue Obligations." The District expects to refund the outstanding amount under the DPH Contract from the proceeds of the 2020B Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (20) Based on Fiscal Year 2020 mid-cycle operating budget adopted on December 9, 2019. See the caption "EL DORADO IRRIGATION DISTRICT—Budget Process."

Source: The District.

THE WASTEWATER SYSTEM OF THE DISTRICT

The Wastewater System

The District provides wastewater collection and disposal service to approximately 54% of its total Water System customer base. The remaining Water System customers have no public wastewater collection and disposal service, except for the City of Placerville which operates its own wastewater collection, treatment and disposal system. Collection is primarily via gravity pipelines with 60 lift stations pumping sewage under pressure through “force mains” until the nearest gravity line can be reached. There are approximately 450 miles of collection pipelines transporting sewage to wastewater treatment plants at Deer Creek (serving Cameron Park, Diamond Springs and the Mother Lode area) and El Dorado Hills, or to one of the smaller facilities located at Camino or Gold Ridge Forest.

Water reclamation facilities at the Deer Creek and El Dorado Hills Wastewater Treatment Plants and associated distribution and storage facilities enable recycled water to be used by residences in the Serrano, Creekside Greens, Four Seasons, Blackstone and other developments for residential landscape irrigation, by the Serrano golf course for irrigation and ponds and by community landscape areas. The District currently serves approximately 3,500 acre-feet annually through its recycled water system to approximately 5,537 accounts. The Integrated Water Resources Master Plan (“WRMP”) and Wastewater Facilities Master Plan (“WWFMP”) of the District have identified a number of potential users, who are mandated by District policy to utilize this source to the maximum extent feasible.

The Deer Creek Wastewater Treatment Plant is an activated sludge, tertiary-level wastewater treatment plant. The District constructed the plant in 1975 to serve the community of Cameron Park. The District subsequently expanded the plant to 3.6 mgd average dry weather flow (“ADWF”) permitted treatment capacity by projects completed in 1996 and 2004. In addition to Cameron Park, the plant now also serves the communities of Diamond Springs, El Dorado and a portion of Rescue. In 1994, the District installed additional tertiary recycled facilities funded by, and now ultimately serving recycled water to lands of, Parker Development Company. In 2003 and 2004, the District upgraded the plant to meet requirements in the District’s wastewater discharge permit.

The Central Valley Regional Water Quality (Regional Board) administers and enforces all federal and State discharge requirements by issuing a discharge permit under the National Pollutant Discharge Elimination System. The Deer Creek Wastewater Treatment Plant’s present discharge permit (Waste Discharge Order No. R5-2017-0085-002, NPDES No CAG585001) was adopted by the Regional Board on August 11, 2017. The permit expires on November 30, 2022.

The El Dorado Hills Wastewater Treatment Plant is a tertiary treatment facility originally constructed in 1961. The District upgraded the plant to 1.6 mgd ADWF capacity via assessment district financing in 1985. The District expanded the plant to a permitted capacity of 3.0 mgd ADWF in 1997/1998 and 4.0 ADWF in 2010. The plant currently provides recycled water to customers in El Dorado Hills and the recycled water distribution system is connected to the Deer Creek Wastewater Treatment Plant recycled water distribution system. The plant utilizes a 62 million gallon on-site storage reservoir to store secondary effluent to be later treated to recycled water standards and utilized for recycled water use in the summer months.

The El Dorado Hills Wastewater Treatment Plant’s present discharge permit (Waste Discharge Order No. R5-2017-0085-002, NPDES No CAG585001) was adopted by the Regional Board on August 11, 2017 and took effect on December 11, 2017. The permit expires on November 30, 2022.

Historic Wastewater Connections

The following table shows the growth in the number of wastewater connections to the Wastewater System for the last five audited Fiscal Years:

**El Dorado Irrigation District
Historic Wastewater Connections**

<i>Fiscal Year Ended December 31</i>	<i>Connections</i>	<i>Increase/(Decrease)</i>
2019	23,652	2.0%
2018	23,191	1.3
2017	22,896	3.9
2016	22,041	1.9
2015	21,620	1.2

Source: The District – 2019 CAFR, Table 30.

Historic Wastewater System Usage

The following table summarizes the volume of wastewater treated for the last five audited Fiscal Years:

**El Dorado Irrigation District
Historic Wastewater System Usage**

<i>Fiscal Year Ended December 31</i>	<i>Daily Average Flow (mgd)</i>	<i>Increase/(Decrease)</i>
2019	4.6	2.2%
2018	4.5	2.3
2017	4.4	10.0
2016	4.0	8.4
2015 ⁽¹⁾	3.7	(7.5)

⁽¹⁾ Reduced daily average flow reflects the effects of declining consumption overall, mandatory conservation measures required by the 2015 Executive Order and reduction in inflow/infiltration to the collection system. See the caption “THE WATER SYSTEM OF THE DISTRICT— Response to Weather Conditions.”
Source: The District – 2019 CAFR, Table 30.

Wastewater System usage is affected by a number of factors, including but not limited to the number of connections to the Wastewater System and water usage of customers connected to the Wastewater System.

Historic Wastewater Service Charge Revenues

The following table shows annual wastewater service charge revenues of the Wastewater System for the last five audited Fiscal Years:

El Dorado Irrigation District Historic Wastewater Service Charge Revenues

<i>Fiscal Year Ended</i> <i>December 31</i>	<i>Service Charge Revenues</i>	<i>Increase/(Decrease)</i>
2019	\$22,235,351	4.7%
2018	21,636,703	4.8
2017	20,645,291	5.8
2016 ⁽¹⁾	19,504,473	(1.7)
2015 ⁽¹⁾	19,836,033	0.6

⁽¹⁾ Service charge revenues for Fiscal Years 2015 and 2016 reflect the effects of mandatory conservation measures required by the 2015 Executive Order. See the caption “—Response to Weather Conditions.”
Source: The District.

A number of factors affect Wastewater service revenues, including the number of connections to the Wastewater System and Wastewater System rates and charges. See the captions “—Historic Wastewater Connections” and “—Wastewater System Rates and Charges.”

Largest Customers

The following table sets forth the ten largest customers of the Wastewater System as of the Fiscal Year ending December 31, 2019 (the most recently completed audited Fiscal Year), as determined by annual payments:

El Dorado Irrigation District Ten Largest Wastewater Customers

<i>Customer</i>	<i>Annual Payments</i>
Vineyards At Valley View	\$ 136,642
Lake Oaks Mobile Home Park	136,029
Cameron Park Senior Living, LLC	99,840
Wong Family Investors	93,024
Ru Itw Sky Park LLC	92,499
Lake Forest Apartments LLC	88,456
Nugget Market Inc.	84,245
Mercy Housing Calif Xxi LP	76,833
Town Center East LP	76,500
Cimmarron/Cambridge LP	69,805
Total	<u>\$ 953,873</u>

Source: The District – 2019 CAFR, Table 14.

These ten largest customers accounted for approximately 4.3% of wastewater service charges from the Wastewater System and 0.9% of total District Revenues in Fiscal Year 2019.

Wastewater System Rates and Charges

General. Wastewater rates consist of base flat charges and volumetric charges. The District bills residential customers a basic monthly charge on a bimonthly basis which consists of a base charge and a volumetric charge based on winter average water use. Commercial customers are billed a basic flat charge and a commodity charge per hundred cubic feet of metered water, depending on the type of business. Commercial customers without water service are billed a different basic charge and an additional unit charge.

On April 27, 2020 after a notice, public hearing and protest process described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218,” the Board of Directors approved no Wastewater System rate increase for 2021, no increase in 2022 and increases of approximately 1-3% annually from 2023 through Fiscal Year 2025, subject to an annual review of the need to implement the rate increases and adjust the percentage of rate increase downward, if warranted. The Board of Directors has the authority to reduce such rates in the future, subject to the rate covenant with respect to the Wastewater System described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Rate Covenants.” The Wastewater System projected operating results under the caption “—Projected Operating Results and Debt Service Coverage” are based on such approved rate increases and assume implementation of the approved rate increases by the Board of Directors in Fiscal Years through 2023.

A summary of the wastewater charges of the District for Fiscal Years 2019 and 2020 is shown in the following table:

El Dorado Irrigation District Wastewater Rates Fiscal Years 2019 and 2020

	<u>1/1/2019</u>	<u>1/1/2020</u>
<i>Base Charge Wastewater</i>		
Residential Flat Rate District Average	\$ 140.78	\$ 140.78
Single Family Residential	75.59	75.59
Multifamily Residential (per unit)	37.13	37.13
Commercial (all categories)	80.80	80.80
Commercial without water service (per unit)	125.87	125.87
Schools, per student and staff (billed annually)	12.39	12.39
<i>Commodity Charge Wastewater (per cf)</i>		
Single Family Residential	\$ 0.04074	\$ 0.04074
Multifamily Residential	0.03195	0.03195
Commercial – Low	0.04684	0.04684
Commercial – Medium/Low	0.06748	0.06748
Commercial – Medium	0.10062	0.10062
Commercial – Medium/High	0.15652	0.15652
Commercial – High	0.34096	0.34096

Source: The District.

Facility Capacity Charges. The table below sets forth facility capacity charges for Fiscal Years 2019 and 2020 for the Wastewater System in various areas of the District. Facility capacity charges consist of a one-time connection fee.

**El Dorado Irrigation District
Wastewater System Facility Capacity Charges
Fiscal Years 2019 and 2020**

<i>2019 Rate</i>	<i>2020 Rate⁽¹⁾</i>
\$ 14,844	\$15,111

⁽¹⁾ Effective January 1, 2020.
Source: The District.

Wastewater Service Charges. The table below sets forth a comparison of the average bi-monthly wastewater billings of the District for a single family residential user to those of similar wastewater purveyors as of January 1, 2020. The average billing of the District assumes a 16 ccf (199 gpd) winter water use.

<i>Community</i>	<i>Bi-Monthly Bill</i>
City of Placerville	\$256.28
City of Colfax	266.10
Placer County SMD No. 1	191.56
City of Auburn	157.24
<i>El Dorado Irrigation District</i>	<i>140.77</i>
City of Grass Valley	110.00
City of Folsom	115.02
South Tahoe PUD	118.56
Rancho Murieta	99.06

Source: The District.

Collection Procedures

The District utilizes a bimonthly billing cycle for water, wastewater and recycled water services and sends a consolidated bill every other month to District customers. Payment is due by the 21st day after the billing date, and is considered delinquent if not paid within 5 business days of the due date. When a customer’s account becomes delinquent, the District will send a Past Due Notice by mail and assess a late fee, giving the customer an additional 10 days to make payment in full or if authorized, establish a payment plan. If the District does not receive payment or the customer does not establish a payment arrangement within the 10 days, the District will send a Second Past Due Notice to the customer by mail and assess an additional late fee. Accounts that remain delinquent may receive additional notifications via phone in an attempt to collect payment or establish a payment plan. Account balances that remain unpaid for 120 days are subject to a lien being recorded against the property and may be collected through the property taxes on an annual basis.

In response to the recent novel coronavirus outbreak described under the caption “INVESTMENT CONSIDERATIONS—Coronavirus,” on April 2, 2020, Governor Newsom signed an executive order, which among other things, suspends the authority of water systems, such as the District, from suspending water service for non-payment. The District includes the charges for water, wastewater and recycled water services (as applicable) on the same bills sent to customers. As a result, in addition to water service, the District is not suspending wastewater service and recycled water service for non-payment. The District has also temporarily suspended collection activities and late fees and penalties.

The District has reviewed the executive order and does not currently believe that such order and the District’s temporary suspension of collection activities will materially adversely affect the District’s projected operating results set forth under the caption “THE WASTEWATER SYSTEM OF THE DISTRICT—Projected Operating Results and Debt Service Coverage” or the District’s ability to pay the 2020 Bonds or to pay the Installment Payments, which secure the 2020A Certificates.” However, no assurances can be made as to the

ultimate impact of the outbreak and responses thereto by local, State and federal governments on the District. See the caption “INVESTMENT CONSIDERATIONS—Coronavirus.”

As of December 31, 2019, 1.02% of the accounts are 30 days delinquent, which represents approximately 0.02% of the total amounts billed for 2019. The District has not undergone a full billing cycle since the Governor’s executive order went into effect. The delinquency rate for April 2020 was not materially higher than the delinquency rate for April 2019. The District can make no assurances that delinquency rates will not increase further as a result of the economic impact of the COVID-19 outbreak.

Future Wastewater System Improvements

The District projects total capital improvements to the Wastewater System for existing users of approximately \$28,258,000 over the next five years. The District projects capital improvements to the Wastewater System to accommodate future growth of approximately \$6,108,000 over the next five years. The District expects that such capital improvements will be funded by facility capacity charges, grants and Wastewater System Revenues. The District expects to obtain all environmental and other permits and approvals necessary for such capital improvements in a timely manner to permit expenditures on the referenced capital improvements.

Projected Wastewater Connections

The following table shows the increase in the number of wastewater connections to the Wastewater System projected by the District for 2020 through Fiscal Year 2024:

**El Dorado Irrigation District
Projected Wastewater Connections⁽¹⁾**

<i>Fiscal Year Ending December 31</i>	<i>Connections</i>	<i>Increase/(Decrease)</i>
2020	23,896	1.0%
2021	24,015	0.5
2022	24,135	0.5
2023	24,256	0.5
2024	24,377	0.5

⁽¹⁾ The number of projected wastewater connections presented are derived from El Dorado County growth rate estimate of 1.03%, historic growth rate for District connection of 1.8%.
Source: District

The number of connections to the Wastewater System will be affected by the pace of development activity within the portions of the District served by the Wastewater System. See the caption “THE EL DORADO IRRIGATION DISTRICT—Certain Factors Affecting Growth” above.

Projected Wastewater System Usage

The District currently estimates that Wastewater System usage for 2020 through Fiscal Year 2024 will be as follows:

**El Dorado Irrigation District
Projected Wastewater System Usage**

<i>Fiscal Year Ending December 31</i>	<i>Daily Average Flow (mgd)⁽¹⁾</i>	<i>Increase/(Decrease)</i>
2020	4.62	0.5%
2021	4.64	0.5
2022	4.66	0.5
2023	4.68	0.5
2024	4.70	0.5

⁽¹⁾ Estimates for Fiscal Years 2020 through 2024 assume 0.5% annual increase.
Source: District.

Wastewater System usage will be affected by a number of factors, including connections to the Wastewater System and water usage by Wastewater System customers. See the caption “—Projected Wastewater Connections” above.

Projected Wastewater Service Charge Revenues

The following table projects annual wastewater service charge revenues of the Wastewater System for Fiscal Year 2020 through Fiscal Year 2024. The projected wastewater service charge revenues reflect the rate increases approved by the Board of Directors through Fiscal Year 2020. See the caption “—Wastewater System Rates and Charges.”

**El Dorado Irrigation District
Projected Wastewater Service Charge Revenues**

<i>Fiscal Year Ending December 31</i>	<i>Service Charge Revenues</i>	<i>Increase/(Decrease)</i>
2020 ⁽¹⁾	\$22,170,242	(0.3)%
2021	22,347,604	0.8
2022	22,526,385	0.8
2023	22,933,662	1.8
2024	23,348,303	1.8

⁽¹⁾ Projected decrease in 2020 as a result of decrease in Wastewater System rates in such Fiscal Year. See the caption “Wastewater System Rates and Charges—General.”
Source: The District.

The Recycled Water System

The District operates two recycled water plants and a distribution system, which are connected and operated under a single Master Reclamation Permit.

Construction of the Deer Creek recycled system began in 1990 and was completed in 1994. Serrano, which paid for all capital costs associated with the filtration and delivery of the water in lieu of FCCs, has priority rights up to 2.5 mgd of available recycled water from the Deer Creek Wastewater Treatment Plant. The State Water Resources Control Board mandates that the District release up to 1.0 mgd into Deer Creek during the summer season, which reduces the ability of the plant to deliver recycled water.

The El Dorado Hills recycled water system at the El Dorado Hills Wastewater Treatment Plant began in 1979 when the District opted to construct a 62 million gallon reservoir and a pumping system to supply

recycled water to the El Dorado Hills Golf Course. The District constructed the 62 million gallon reservoir and pumping plant with Clean Water Act grant funds.

The District’s Recycled Water System currently cannot produce enough recycled water to meet demand on peak demand days. Therefore, the District supplements the recycled water with potable water. Potable water is supplied to the recycled water distribution system through air gaps located atop recycled water storage tanks. The five-year average for potable water supplementation to the Recycled Water System is 394 acre-feet per year. The recycled water metered demand shown under the caption “Historic Recycled Water System Demand” includes potable water supplementation.

Historic Recycled Water Connections

The following table shows the growth in the number of recycled water connections to the Recycled Water System for the last five audited Fiscal Years:

**El Dorado Irrigation District
Historic Recycled Water Connections**

<i>Fiscal Year Ended December 31</i>	<i>Connections</i>	<i>Increase/(Decrease)</i>
2019	5,537	1.1%
2018	5,479	0.6
2017	5,446	4.5
2016	5,209	6.0
2015	4,916	7.6

Source: The District – 2019 CAFR, Table 29.

Historic Recycled Water System Usage

The following table summarizes the volume of recycled water distributed for the last five audited Fiscal Years:

**El Dorado Irrigation District
Historic Recycled Water System Demand
In Acre-Feet Per Year**

<i>Fiscal Year Ended December 31</i>	<i>Annual Total Demand⁽¹⁾</i>	<i>Increase/(Decrease)</i>
2019 ⁽²⁾	3,313	(4.9)%
2018	3,483	13.0
2017	3,083	17.0
2016	2,635	12.2
2015 ⁽²⁾	2,349	(2.7)

⁽¹⁾ To meet seasonal recycled water demands, the recycled water system demand may include supplemental potable water supplies ranging from approximately 200 to 600 acre-feet per year. See the caption “—The Recycled Water System.”

⁽²⁾ Decrease in Fiscal Year 2019 a result of wet hydrological conditions in April and May of 2019.

⁽³⁾ Recycled Water System annual total demand decreases reflects the effects of mandatory conservation measures required by the 2015 Executive Order. See the caption “—Response to Weather Conditions.”

Source: Annual Water Resources and Service Reliability Reports – Active Demand Table 14.

A number of factors affect usage of recycled water, including connections to the Recycled Water System and weather conditions. See the caption “—Historic Recycled Water Connections” above.

Historic Recycled Water Service Charge Revenues

The following table shows annual recycled water service charge revenues of the Recycled Water System for the last five audited Fiscal Years:

El Dorado Irrigation District Historic Recycled Water Service Charge Revenues

<i>Fiscal Year Ended December 31</i>	<i>Service Charge Revenues</i>	<i>Increase/(Decrease)</i>
2019	\$2,417,661	0.5%
2018	2,405,631	8.0
2017	2,227,082	16.8
2016	1,905,962	18.6
2015	1,606,491	2.4

Source: The District.

Largest Customers

The following table sets forth the ten large customers of the Recycled Water System as of December 31, 2019 (the most recently completed audited Fiscal Year), as determined by annual payments:

El Dorado Irrigation District Largest Recycled Water Customers

<i>Customer</i>	<i>Annual Payments</i>
Serrano El Dorado Owners Association	\$ 221,314
Serrano Country Club	179,970
Four Seasons Owners Association	40,407
Serrano Associates LLC	39,332
El Dorado Hills Community Services District	28,608
Blackstone Master Association	16,001
Vineyards At Valley View	15,375
Parker Development Company	12,334
Buckeye Union School District	11,356
Blue Shield Of California	9,739
	<u><u>\$ 574,436</u></u>

Source: The District.

These large customers accounted for approximately 23.8% of recycled water sales from the Recycled Water System and approximately 0.6% of total District Revenues in 2019.

Recycled Water System Rates and Charges

General. Recycled water rates consist of basic flat charges and volumetric charges. Customers are billed a basic charge on a bimonthly basis depending on meter size and a commodity charge per cubic feet of metered water. As of January 1, 2020, the bimonthly basic charges and the commodity charges are set forth in the table below.

On April 27, 2020 after a notice, public hearing and protest process described under the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218,” the

Board of Directors approved Recycled Water System rate increases of approximately 5% through Fiscal Year 2025, subject to an annual review of the need to implement the rate increases and adjust the percentage of rate increase downward, if warranted. The Board of Directors has the authority to reduce such rates in the future, subject to the rate covenant with respect to the Recycled Water System described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Rate Covenants.” The Recycled Water System projected operating results under the caption “—Projected Operating Results and Debt Service Coverage” are based on such approved rate increases and assume implementation of the approved rate increases by the Board of Directors in Fiscal Years through 2023.

**El Dorado Irrigation District
Recycled Water Rates and Charges⁽¹⁾
Fiscal Years 2019 and 2020**

	<u>1/1/2019</u>	<u>1/1/2020</u>
<i>Base Charge Recycled Water</i>		
Single Family Dual Plumbed Residential	\$ 24.56	\$ 25.30
Commercial Landscape/Recreational Turf		
5/8” and 3/4”	33.19	34.19
1”	48.18	49.63
1 1/2”	82.47	84.94
1 1/2”T	97.49	100.41
2”	125.33	129.09
2”T	125.33	129.09
3”	241.04	248.27
3”T	262.47	270.34
4”	369.62	380.71
4”T	461.77	475.62
6”	725.34	747.10
6”T	1,012.48	1,042.85
8”T	1,726.06	1,777.84
10”T	2,733.63	2,815.64
12”T	3,853.93	3,691.45
<i>Commodity Charge Recycled Water (per cf)</i>		
<i>Single Family Dual Plumbed Residential</i>		
0 - 3,000 cf (rate is 50% of potable water tier 1)	\$ 0.00709	\$ 0.00730
3,001 - 4,500 cf (rate is 70% of potable water tier 2)	0.01198	0.01234
Above 4,500 cf (rate is 90% of potable water tier 3)	0.01804	0.01858
Commercial Landscape	0.00975	0.01004
Recreational Turf	0.01153	0.01188

⁽¹⁾ 1 cf = 1 cubic foot of water.

Source: The District.

Facility Capacity Charges. The table below sets forth facility capacity charge rates for Fiscal Years 2019 and 2020 for the Recycled Water System in various areas of the District. Facility capacity charges consist of a one-time connection fee.

**El Dorado Irrigation District
Recycled Water System Facility Capacity Charges
Fiscal Years 2019 and 2020**

<i>2019 Rate</i>	<i>2020 Rate</i>
\$3,515	\$3,578

Source: The District.

Collection Procedures

The District utilizes a bimonthly billing cycle for water, wastewater and recycled water services and sends a consolidated bill every other month to District customers. Payment is due by the 21st day after the billing date, and is considered delinquent if not paid within 5 business days of the due date. When a customer's account becomes delinquent, the District will send a Past Due Notice by mail and assess a late fee, giving the customer an additional 10 days to make payment in full or if authorized, establish a payment plan. If the District does not receive payment or the customer does not establish a payment arrangement within the 10 days, the District will send a Second Past Due Notice to the customer by mail and assess an additional late fee. Accounts that remain delinquent may receive additional notifications via phone in an attempt to collect payment or establish a payment plan. Account balances that remain unpaid for 120 days are subject to a lien being recorded against the property and may be collected through the property taxes on an annual basis.

In response to the recent novel coronavirus outbreak described under the caption "INVESTMENT CONSIDERATIONS—Coronavirus," on April 2, 2020, Governor Newsom signed an executive order, which among other things, suspends the authority of water systems, such as the District, from suspending water service for non-payment. The District includes the charges for water, wastewater and recycled water services (as applicable) on the same bills sent to customers. As a result, in addition to water service, the District is not suspending wastewater service and recycled water service for non-payment. The District has also temporarily suspended collection activities and late fees and penalties.

As of December 31, 2019, 1.15% of the accounts are 30 days delinquent, which represents approximately 0.02% of total amounts billed in 2019. The District has not undergone a full billing cycle since the Governor's executive order went into effect. The delinquency rate for April 2020 was not materially higher than the delinquency rate for April 2019. The District can make no assurances that delinquency rates will not increase further as a result of the economic impact of the COVID-19 outbreak.

The District has reviewed the executive order and does not currently believe that such order and the District's temporary suspension of collection activities will materially adversely affect the District's projected operating results set forth under the caption "THE WASTEWATER SYSTEM OF THE DISTRICT—Projected Operating Results and Debt Service Coverage" or the District's ability to pay the 2020 Bonds or to pay the Installment Payments, which secure the 2020A Certificates." However, no assurances can be made as to the ultimate impact of the outbreak and responses thereto by local, State and federal governments on the District. See the caption "INVESTMENT CONSIDERATIONS—Coronavirus."

Future Recycled Water System Improvements

The District projects total capital improvements to the Recycled Water System of approximately \$1,925,000 over the next five years. The District expects that such capital improvements will be funded by facility capacity charges and recycled water revenues. The District expects to obtain all environmental and other permits and approvals necessary for such capital improvements in a timely manner to permit expenditures on the referenced capital improvements.

Projected Recycled Water Connections

The following table shows the increase in the number of recycled water connections to the Recycled Water System projected by the District for 2020 through Fiscal Year 2024:

El Dorado Irrigation District Projected Recycled Water Connections⁽¹⁾

<i>Fiscal Year Ending December 31</i>	<i>Connections</i>	<i>Increase/(Decrease)</i>
2020	5,549	0.2%
2021	5,560	0.2
2022	5,571	0.2
2023	5,582	0.2
2024	5,593	0.2

⁽¹⁾ Reflects limited projected new recycled water development. Increases shown reflect estimated infill developments.
Source: District

The number of connections to the Recycled Water System will be affected by the pace of development activity within the portions of the District served by the Recycled Water System. See the caption “THE EL DORADO IRRIGATION DISTRICT—Certain Factors Affecting Growth” above.

Projected Recycled Water System Demand

The District currently estimates that Recycled Water System demand for 2020 through Fiscal Year 2024 will be as follows:

El Dorado Irrigation District Projected Recycled Water System Demand In Acre-Feet Per Year

<i>Fiscal Year Ending December 31</i>	<i>Average Total Demand⁽¹⁾</i>	<i>Increase/(Decrease)</i>
2020	3,400	2.6%
2021	3,500	2.9
2022	3,500	0.0
2023	3,500	0.0
2024	3,500	0.0

⁽¹⁾ Recycled water demand will be highly variable year to year based on weather, climate and other factors. See the caption “—Response to Weather Conditions.”
Source: 2013 District Wastewater Facilities Master Plan.

Recycled water deliveries will be affected by a number of factors, including connections to the Recycled Water System and weather conditions. See the caption “—Projected Recycled Water Connections” above.

Projected Recycled Water Service Charge Revenues

The following table projects annual recycled water service charge revenues of the Recycled Water System for 2020 through Fiscal Year 2024. The projected recycled water service charge revenues reflect the rate increases approved by the Board of Directors through Fiscal Year 2020. See the caption “—Recycled Water System Rates.”

**El Dorado Irrigation District
Projected Recycled Water Service Charge Revenues**

<i>Fiscal Year Ending December 31</i>	<i>Service Charge Revenues</i>	<i>Increase/(Decrease)</i>
2020	\$2,263,679	(6.8)%
2021	2,395,878	5.8
2022	2,535,797	5.8
2023	2,683,888	5.8
2024	2,840,626	5.8

Source: The District.

Historic Operating Results and Debt Service Coverage

The following tables are summaries of operating results of the Wastewater System of the District, including the Recycled Water System, for the last five audited Fiscal Years. Beginning in fiscal year 2017, the District revised the presentation of its historic operating results to conform to similar revisions made in its audited financial statements. Such revised presentation is shown below for Fiscal Years 2017 through 2019. These results have been derived from the Financial Statements of the District but exclude certain receipts which are not included as Revenues under the 2020 Installment Purchase Agreement and the Indenture and certain non-cash items and include certain other adjustments

**El Dorado Irrigation District
Wastewater System
Historic Operating Results
Fiscal Years Ended December 31, 2015 and 2016**

	<i>2016</i>	<i>2015</i>
Revenues		
Wastewater Service Charges	\$ 19,504,473	\$ 19,836,033
Facility Capacity Charges ⁽¹⁾	5,789,372	6,782,344
1% Property Tax Revenue ⁽¹⁾	4,493,590	4,286,052
Wastewater Service ⁽²⁾	476,398	75,214
Surcharges ⁽¹⁾	994,506	998,562
Investment Income ⁽¹⁾	237,483	129,565
Recycled Water Reimbursement/Sales	1,905,962	1,606,491
Other Income ⁽¹⁾	<u>480,879</u>	<u>521,624</u>
Total Revenues	\$ 33,882,663	\$ 34,235,885
Operation and Maintenance Costs⁽¹⁾		
Communications	\$ 106,218	\$ 141,639
Human Resources	758,367	783,069
Information Technology	685,299	763,958
Engineering	965,258	1,180,710
Wastewater Operations	11,365,429	10,427,903
Recycled Water Operations	441,924	433,361
Finance	1,701,969	1,885,510
Office of the General Manager	822,780	856,011
Other Expense ⁽³⁾	<u>1,101,339</u>	<u>821,017</u>
Total Operation and Maintenance Costs	\$ 17,948,583	\$ 17,293,178
Net Revenues	\$ 15,934,080	\$ 16,942,707
Senior Debt Service⁽⁴⁾		
2004A Installment Purchase Agreement	--	--
2008A Installment Purchase Agreement	\$ 109,788	\$ 13,265
2009A Installment Purchase Agreement	1,671,198	1,869,876
2010A Installment Purchase Agreement ⁽⁵⁾	331,533	331,533
2012A Bonds	970,363	970,363
2012B Bonds	93,902	95,676
2014 Bonds ⁽⁶⁾	2,907,320	2,913,092
2016A Bonds	32,484	--
2016B Installment Purchase Agreement	--	--
2016C Bonds	<u>--</u>	<u>--</u>
Total Senior Debt Service	\$ 6,116,588	\$ 6,193,805
Senior Debt Service Coverage	2.61	2.74
Cash Available for Capital Projects or Other Purposes	\$ 9,817,492	\$ 10,748,902

⁽¹⁾ Represents the share allocated to the Wastewater System.

⁽²⁾ Increase in 2016 a result of allocation of certain development services revenues to the Wastewater System per change in accounting rules.

⁽³⁾ Includes fees payable with respect to the credit facility in place from time-to-time relating to the 2008 Certificates. In 2016, the District refunded the outstanding 2008 Certificates with a portion of the proceeds of the 2016C Bonds.

⁽⁴⁾ Debt Service payments allocated to the Wastewater System.

⁽⁵⁾ As discussed below under the caption “—Projected Operating Results and Debt Service Coverage,” the District prepaid, from District reserves, the outstanding amount under the 2010A Installment Purchase Agreement on March 1, 2019.

⁽⁶⁾ Reflects prepayments in 2014 and 2015 of principal and interest due on the next succeeding March 1, respectively. See the caption “—Management Discussion With Respect to Fiscal Years 2014 through 2019” below.

Source: The District.

**El Dorado Irrigation District
Wastewater System
Historic Operating Results
Fiscal Years Ended December 31, 2017 through 2019**

	<i>2019</i>	<i>2018</i>	<i>2017</i>
Revenues			
Wastewater Service Charges	\$ 22,235,351	\$ 21,636,703	\$ 20,645,291
Facility Capacity Charges ⁽¹⁾	5,115,328	8,590,535	6,073,203
1% Property Tax Revenue ⁽¹⁾	5,257,953	5,086,245	4,758,168
Wastewater Service ⁽²⁾	409,355	453,016	266,150
Surcharges ⁽¹⁾	1,007,347	1,003,560	1,004,407
Investment Income ⁽³⁾	763,847	677,511	350,337
Recycled Water Reimbursement/Sales	2,417,661	2,405,631	2,227,082
Other Income ⁽¹⁾⁽⁴⁾	<u>441,848</u>	<u>559,252</u>	<u>1,717,894</u>
Total Revenues	\$ 37,648,668	\$ 40,412,453	\$ 37,042,532
Operation and Maintenance Costs⁽¹⁾			
Personnel Expenses ⁽⁵⁾	\$ 10,869,403	\$ 9,221,250	\$ 9,451,340
Operating Supplies	1,601,146	1,517,501	1,580,438
Chemicals	629,150	626,332	496,250
Administration	1,076,302	1,087,808	1,039,300
Utilities	2,720,838	2,708,955	2,643,061
Professional Services	1,732,884	1,792,685	2,012,287
Repair Services	362,463	424,316	274,246
Insurance	180,358	147,400	158,591
Other Expense ⁽⁶⁾	<u>98,747</u>	<u>651,414</u>	<u>299,362</u>
Total Operation and Maintenance Costs	\$ 19,271,292	\$ 18,177,661	\$ 17,954,875
Net Revenues	\$ 18,377,376	\$ 22,234,792	\$ 19,087,657
Senior Debt Service⁽⁷⁾			
2009A Installment Purchase Agreement	\$ 1,474,721	\$ 1,474,105	\$ 1,473,577
2010A Installment Purchase Agreement ⁽⁸⁾	331,532	331,532	331,532
2012A Bonds ⁽⁹⁾	1,940,838	1,945,027	1,945,407
2012B Bonds	95,300	93,705	93,934
2014 Bonds ⁽¹⁰⁾	2,905,436	2,907,342	2,911,982
2016A Bonds	351,376	354,376	354,376
2016B Installment Purchase Agreement	--	--	--
2016C Bonds	<u>1,564,870</u>	<u>1,564,870</u>	<u>1,412,730</u>
Total Senior Debt Service	\$ 8,667,073	\$ 8,670,957	\$ 8,523,538
Senior Debt Service Coverage	2.12	2.56	2.24
Cash Available for Capital Projects or Other Purposes	\$ 10,773,007	\$ 13,563,835	\$ 10,564,119

⁽¹⁾ Represents the share allocated to the Wastewater System.

⁽²⁾ Decrease in 2017 a result of decreases in development services revenue.

⁽³⁾ Excludes unrealized gains and losses on investments.

⁽⁴⁾ Excludes the Wastewater System's share of the \$2.9 million non-cash write-off of expected reimbursements from FEMA that was recognized and accrued as revenues in 2017 in accordance with Generally Accepted Accounting Principles. Were the District to not have recognized the FEMA revenue in Fiscal Year 2017, senior debt service coverage in Fiscal Year 2017 would have been 2.21.

⁽⁵⁾ Excludes non-cash accrual of benefits related to pension and post-employment benefits.

⁽⁶⁾ Includes fees payable with respect to the credit facility in place from time-to-time relating to the 2008 Certificates. In 2016, the District refunded the outstanding 2008 Certificates with a portion of the proceeds of the 2016C Bonds.

⁽⁷⁾ Debt Service payments allocated to the Wastewater System.

⁽⁸⁾ As discussed below under the caption "—Projected Operating Results and Debt Service Coverage," the District prepaid, from District reserves, the outstanding amount under the 2010A Installment Purchase Agreement on March 1, 2019.

⁽⁹⁾ Reflects prepayments in 2016, 2017 and 2018 of principal and interest due on the next succeeding March 1, respectively. See the caption "—Management Discussion With Respect to Fiscal Years 2014 through 2019" below.

⁽¹⁰⁾ Reflects prepayments in 2017 and 2018 of principal and interest due on the next succeeding March 1, respectively. See the caption "—Management Discussion With Respect to Fiscal Years 2014 through 2019" below.

Source: The District.

Management Discussion With Respect To Fiscal Years 2014 through 2019

In Fiscal Year 2013, the District prepaid \$2,998,125 principal and interest of the 2004A Certificates due on March 1, 2014 from District reserves (52.7% of this prepayment was allocated to the Water System and 47.3% was allocated to the Wastewater system).

In Fiscal Years 2016 through 2018 the District prepaid \$2,998,800, \$2,997,369 and \$2,995,925 in principal and interest, respectively, of the 2012A Bonds due on the succeeding March 1, from District reserves. Approximately 42.6% of such prepayments were allocable to the Wastewater System in each of such Fiscal Years.

In Fiscal Years 2014 through 2018 the District prepaid \$2,997,300, \$2,998,800, \$2,998,800, \$2,998,125 and \$2,998,125 in principal and interest, respectively, of the 2014 Bonds due on the succeeding March 1, from District reserves. Approximately 44.8% of such prepayments was allocable to the Wastewater System in each of such Fiscal Years.

In addition, on March 1, 2019, the District prepaid, from District reserves, the outstanding \$14,755,000 principal amount under the 2010A Installment Purchase Agreement, at a prepayment price equal to such principal amount, plus interest with respect thereto to the prepayment date, without premium.

Without the foregoing prepayments, with respect to the Wastewater System, the District's senior debt service coverage would have been 2.25 in Fiscal Year 2015, 2.14 in 2016, 1.71 in Fiscal Year 2017, 1.97 in Fiscal Year 2018 and 1.63 in Fiscal Year 2019.

Projected Operating Results and Debt Service Coverage

The District's estimated projected operating results for the Wastewater System for Fiscal Year 2020 through Fiscal Year 2024, including the Recycled Water System, are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based upon a variety of assumptions, including the assumptions set forth in the footnotes to the chart below. All of such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

In Fiscal Year 2019, the District prepaid \$2,999,588 in principal and interest of the 2012A Bonds due on March 1, 2020 from District reserves. In Fiscal Year 2019, approximately 42.6% of such prepayment was allocable to the Wastewater System.

In Fiscal Year 2019, the District prepaid \$2,998,125 in principal and interest of the 2014 Bonds due on March 1, 2020, from District reserves. Approximately 44.8% of such prepayments were allocable to the Wastewater System in each of such Fiscal Years.

Without the foregoing prepayments, with respect to the Wastewater System, the District's senior debt service coverage would have been projected to be 1.55 in Fiscal Year 2020.

The District anticipates prepaying, from District reserves, approximately \$6,000,000 in principal amount of the 2012A Bonds, 2014 Bonds and the 2020C Bonds in each of Fiscal Years 2020 through 2023. Approximately 47.3% of such amounts will be expected to be allocated to the Wastewater System in each of such Fiscal Years. As a result of such prepayments, with respect to the Wastewater System, the District projects achieving 2.67 times senior debt service coverage in Fiscal Year 2021, 2.71 in Fiscal Year 2022, 2.72 in Fiscal Year 2023 and 2.72 in Fiscal Year 2024. No assurances can be made that such prepayments will be made and if such prepayments are made, that such debt service coverage levels will be achieved.

**El Dorado Irrigation District
Wastewater System
Projected Operating Results
Fiscal Year Ended December 31**

	2020 ⁽¹⁷⁾	2021	2022	2023	2024
Revenues					
Wastewater Service Charges ⁽¹⁾	\$ 22,170,242	\$ 22,347,604	\$ 22,526,385	\$ 22,933,662	\$ 23,348,303
Facility Capacity Charges ⁽²⁾	5,894,101	6,409,229	2,050,000	2,050,000	2,050,000
1% Property Tax Revenue ⁽³⁾	3,112,877	3,175,135	3,238,637	3,303,410	3,369,478
Surcharges ⁽⁴⁾	1,024,193	172,064	-	-	-
Investment Income ⁽⁵⁾	300,000	300,000	300,000	300,000	300,000
Recycled Water Reimbursement/Sales ⁽⁶⁾	2,263,679	2,395,878	2,535,797	2,683,888	2,840,626
Other Income ⁽⁷⁾	<u>1,061,154</u>	<u>1,071,443</u>	<u>1,081,815</u>	<u>1,092,269</u>	<u>1,102,808</u>
Total Revenues	\$ 35,826,246	\$ 35,871,353	\$ 31,732,634	\$ 32,363,229	\$ 33,011,215
Operation and Maintenance Costs⁽⁸⁾					
Personnel Expenses	\$ 10,498,500	\$ 10,918,440	\$ 11,355,178	\$ 11,695,833	\$ 12,046,708
Operating Supplies	1,559,626	1,622,011	1,686,892	1,737,498	1,789,623
Chemicals	561,763	584,233	607,603	625,831	644,606
Administration	1,228,503	1,277,643	1,328,748	1,368,611	1,409,669
Utilities	2,940,584	3,058,207	3,180,536	3,275,952	3,374,230
Professional Services	1,568,912	1,631,669	1,696,936	1,747,844	1,800,279
Repair Services	328,717	341,866	355,540	366,206	377,193
Insurance	215,631	224,256	233,227	240,223	247,430
Other Expense	-	-	-	-	-
Total Operation and Maintenance Costs	<u>\$ 18,902,236</u>	<u>\$ 19,658,325</u>	<u>\$ 20,444,660</u>	<u>\$ 21,057,998</u>	<u>\$ 21,689,739</u>
Net Revenues	\$ 16,924,010	\$ 16,213,028	\$ 11,287,974	\$ 11,305,231	\$ 11,321,476
Senior Debt Service⁽⁹⁾					
2012A Bonds ⁽¹⁰⁾	\$ 1,881,144	\$ 3,097,342	\$ 1,134,459	\$ 1,134,726	\$ 1,132,755
2012B Bonds ⁽¹¹⁾	94,445	95,441	-	-	-
2014 Bonds ⁽¹²⁾	2,901,232	2,319,713	2,470,208	2,466,284	2,469,042
2016A Bonds	1,725,592	1,723,524	1,724,580	1,723,535	1,725,075
2016B Installment Purchase Agreement ⁽¹³⁾	-	-	-	-	-
2016C Bonds	1,564,870	1,564,870	1,564,870	1,564,870	1,564,870
2020A Installment Purchase Agreement ⁽¹⁴⁾	-	-	-	-	-
2020B Bonds ⁽¹⁵⁾	-	-	-	-	-
2020C Bonds ⁽¹⁶⁾	52,166	107,070	106,401	105,710	107,134
Additional State Loans	-	-	-	-	-
Total Senior Debt Service	<u>\$ 8,219,449</u>	<u>\$ 8,907,961</u>	<u>\$ 7,000,518</u>	<u>\$ 6,995,125</u>	<u>\$ 6,998,876</u>
Senior Debt Service Coverage	2.06	1.82	1.61	1.62	1.62
Cash Available for Capital Projects or Other Purposes	\$ 8,704,561	\$ 7,305,067	\$ 4,287,456	\$ 4,310,106	\$ 4,322,601

- (1) Based on projected wastewater service charges described under the caption “—Projected Wastewater Service Charge Revenues” and projected increases in retail wastewater rates and charges described under the caption “—Wastewater System Rates and Charges.”
- (2) Represents facility capacity charges projected to be collected from operation of the Wastewater System. Revenues from Facility Capacity Charges based on District projections of operating results from Fiscal Year 2021 to Fiscal Year 2024. Projected number of water connections is derived from engineering estimates contained within the District’s 2013 Water Resources Master Plan – Table 9-2, which are used for projecting timing and sizing of water facility additions. The 2013 Water Resources Master Plan information was derived by engineering consultants using, in part, County of El Dorado Economic Development growth projections.
- (3) Represents the share allocated to the Wastewater System. Property taxes collected are allocated between the Water and Wastewater Systems at the District’s discretion. See the caption “EL DORADO IRRIGATION DISTRICT—1% Property Tax Revenues.” Decrease in 2020 through 2024 is due to Board approved allocation of tax revenue between the Water and Wastewater Systems to reflect 75% to the Water System and 25% (from 40%) to the Wastewater System.

(Footnotes continued on following page)

(Continued from previous page)

- (4) Represents surcharges projected to be collected from operation of the Wastewater System. Surcharges sunset in 2021.

- (5) Projected at 1% -2% per annum on Wastewater System reserves.
- (6) Based on projected recycled water sales described under the caption “—Projected Recycled Water Service Charge Revenues” and projected increases in recycled water rates and charges described under the caption “—Recycled Water System Rates.”
- (7) Includes revenues from Industrial Pretreatment Program and Cross Connection Program, a State-mandated wastewater and recycled water testing program.
- (8) Increases in amounts are projected at a rate of 4% per annum for Fiscal Years 2021 and 2022 and 3% for Fiscal Years 2023 and 2024.
- (9) Debt Service allocated to the Wastewater System.
- (10) Portion of payments of principal of and interest on 2012A Bonds allocated to the Wastewater System. Fiscal Years 2020 amount reflects prepayment from District reserves of principal of and interest on the 2012A Bonds due on March 1, 2020 in the amount of \$2,999,588 (57.4% of this prepayment was allocated to the Water System and 42.6% was allocated to the Wastewater system). The District expects to refund a portion of the outstanding 2012A Bonds from a portion of the proceeds of the 2020C Bonds. See the caption “PLAN OF FINANCE—The Refunding Plan.”
- (11) Portion of payments of principal of and interest on 2012B Bonds allocated to the Wastewater System. The District expects to refund the outstanding 2012B Bonds from a portion of the proceeds of the 2020C Bonds. See the caption “PLAN OF FINANCE—The Refunding Plan.”
- (12) Portion of payments of principal of and interest on 2014 Bonds allocated to the Wastewater System. Fiscal Year 2020 amount reflects prepayment from District reserves of principal of and interest on the 2014 Bonds due on March 1, 2020 in the amount of \$2,998,125 (55.2% of this prepayment was allocated to the Water System and 44.8% was allocated to the Wastewater system). The District expects to refund a portion of the outstanding 2014 Bonds from a portion of the proceeds of the 2020C Bonds. See the caption “PLAN OF FINANCE—The Refunding Plan.”
- (13) No amounts due under the 2016B Installment Purchase Agreement are allocated to the Wastewater System.
- (14) No amounts due under the 2020 Installment Purchase Agreement will be allocated to the Wastewater System.
- (15) No amounts due on the 2020B Bonds will be allocated to the Wastewater System.
- (16) Based on an estimated principal amount of \$5,920,000 and true interest cost of 3.14%.
- (17) Based on Fiscal Year 2020 mid-cycle operating budget adopted on December 9, 2019. See the caption “EL DORADO IRRIGATION DISTRICT—Budget Process.”

Source: The District.

FINANCIAL INFORMATION OF THE DISTRICT

Financial Statements

A copy of the most recent audited basic financial statements of the District for the Fiscal Year ending December 31, 2019 prepared by Hudson Henderson & Company, Inc. (the “Auditor”) are included as Appendix A hereto (the “Financial Statements”). [The Auditor’s letter concludes that the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of each major fund of the District, as of December 31, 2019 and 2018 and the respective changes in financial position, and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as the accounting systems prescribed by the State Controller’s Office and state regulations governing special districts.] The Auditor has not reviewed the information contained in this Official Statement, nor has the Auditor been asked to consent to the inclusion of the Financial Statements herein.

The summary operating results contained under the caption “—Historic Operating Results and Debt Service Coverage” are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

In providing a rating on the 2020 Bonds and the 2020A Certificates, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Indenture and the 2020 Installment Purchase Agreement. See the caption “RATINGS” herein. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any bond covenants, the availability of particular revenues for the payment of Debt Service or for any other purpose.

Historic Operating Results and Debt Service Coverage

The following tables are summaries of operating results of the District, for the last five audited Fiscal Years. Beginning in fiscal year 2017, the District revised the presentation of its historic operating results to conform to similar revisions made in its audited financial statements. Such revised presentation is shown below for Fiscal Years 2017 through 2019. These results have been derived from the Financial Statements of the District but exclude certain receipts which are not included as Revenues under the Indenture and the 2020 Installment Purchase Agreement and certain non-cash items and include certain other adjustments.

**El Dorado Irrigation District
Historic Operating Results
Fiscal Year Ended December 31, 2015 and 2016**

	<i>2016</i>	<i>2015</i>
Revenues		
Water Sales	\$ 27,708,164	\$ 25,344,067
Wastewater Service Charges	19,504,473	19,836,033
Facility Capacity Charges	12,416,595	13,924,346
1% Property Tax Revenue	11,233,975	10,715,130
Water Service	814,778	1,127,115
Wastewater Service	476,398	75,214
Surcharges	2,412,032	2,447,917
Investment Income	729,235	331,316
Recreation Fees	1,532,912	1,349,431
Reclaimed Water Reimbursement/Sales	1,905,962	1,606,491
Hydroelectric Revenues	6,296,331	4,159,925
Other Income ⁽¹⁾	<u>2,550,172</u>	<u>3,717,617⁽⁴⁾</u>
Total Revenues	\$ 87,581,027	\$ 84,634,602
Operation and Maintenance Costs		
Communications	\$ 316,124	\$ 381,335
Human Resources	2,257,044	2,108,263
Information Technology	2,039,581	2,056,810
Engineering	2,898,647	2,782,017
Water Operations	11,305,353	11,621,987
Wastewater Operations	11,365,429	10,427,903
Recycled Water Operations	441,924	433,361
Finance	6,296,011	6,384,364
Hydroelectric	3,944,557	3,414,272
Office of the General Manager	2,448,749	2,304,646
Recreation	1,358,062	1,274,760
Other Expense ⁽³⁾	<u>2,300,258</u>	<u>2,061,639</u>
Total Operation and Maintenance Costs	\$ 46,971,739	\$ 45,251,357
Net Revenues	\$ 40,609,288	\$ 39,383,245
Pre-existing Obligations		
Existing State Loans	<u>\$ 1,079,317</u>	<u>\$ 1,079,317</u>
Total Pre-existing Obligations	\$ 1,079,317	\$ 1,079,317
Net Revenues Available for Senior Debt Service Coverage	\$ 39,529,971	\$ 38,303,928
Senior Debt Service		
2004A Installment Purchase Agreement	--	--
2008A Installment Purchase Agreement	\$ 281,148	\$ 33,969
2009A Installment Purchase Agreement	3,798,178	4,249,719
2010A Installment Purchase Agreement ⁽²⁾	778,063	778,063
2012A Bonds	2,277,313	2,277,313
2012B Bonds	220,375	224,538
2014 Bonds ⁽³⁾	6,483,763	6,496,638
2016A Bonds	73,828	--
2016B Installment Purchase Agreement	176,335	--
2016C Bonds	--	--
Additional State Loans	<u>373,310</u>	<u>373,310</u>
Total Senior Debt Service	\$ 14,462,313	\$ 14,433,550
Senior Debt Service Coverage	2.73	2.65
Cash Available for Capital Projects or Other Improvements	\$ 25,067,658	\$ 23,870,378

⁽¹⁾ Includes fees payable with respect to the Credit Facility Agreement in place from time-to-time relating to the 2008 Certificates. In 2016, the District refunded the outstanding 2008 Certificates with a portion of the proceeds of the 2016C Bonds.

(Footnotes continued on following page)

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- (2) As discussed below under the caption “—Projected Operating Results and Debt Service Coverage,” the District prepaid, from District reserves, the outstanding amount under the 2010A Installment Purchase Agreement on March 1, 2019.
- (3) Reflects prepayments in 2014 and 2015 of principal and interest due on the next succeeding March 1, respectively. See the caption “—Management Discussion With Respect to Fiscal Years 2014 through 2019” below.
- (4) Fiscal Year 2015 amount includes \$1,849,860 resulting from a one-time water transfer. See the caption “Historic Water Sales Revenues—Water Transfer.”

Source: The District.

**El Dorado Irrigation District
Historic Operating Results
Fiscal Year Ended December 31, 2017 through 2019**

	<i>2019</i>	<i>2018</i>	<i>2017</i>
Revenues			
Water Sales	\$ 30,917,263	\$ 30,726,486	\$ 30,376,487
Wastewater Service Charges	22,235,351	21,636,703	20,645,291
Facility Capacity Charges	12,867,149	20,049,963	14,021,836
1% Property Tax Revenue	13,144,883	12,715,612	11,895,420
Water Service	730,601	1,265,974	506,637
Wastewater Service	409,335	453,016	266,150
Surcharges	2,363,956	2,512,555	2,371,429
Investment Income ⁽¹⁾	2,397,136	2,482,264	1,226,005
Recreation Fees	1,774,235	1,720,429	1,597,877
Reclaimed Water Reimbursement/Sales	2,417,662	2,405,631	2,227,082
Hydroelectric Revenues ⁽²⁾	9,679,827	5,953,290	11,390,167
Other Income ⁽³⁾	<u>4,600,330</u>	<u>2,123,960</u>	<u>7,423,120</u>
Total Revenues	\$ 103,537,729	\$ 104,045,883	\$ 103,947,501
Operation and Maintenance Costs⁽⁴⁾			
Personnel Expenses ⁽⁵⁾	\$ 30,020,265	\$ 28,316,993	\$ 27,147,097
Operating Supplies	4,786,499	4,153,441	3,931,957
Chemicals	1,096,113	1,046,891	950,687
Administration	3,943,347	4,023,992	3,603,074
Utilities	5,235,091	5,159,219	50,012,741
Professional Services	5,003,793	4,592,219	4,510,253
Repair Services	2,126,568	1,501,341	1,471,872
Insurance	810,578	641,832	650,995
Other Expense	<u>1,835,299</u>	<u>986,153</u>	<u>456,821</u>
Total Operation and Maintenance Costs	\$ 54,857,554	\$ 50,719,426	\$ 47,735,497
Net Revenues	\$ 48,680,175	\$ 53,326,457	\$ 56,212,004
Pre-existing Obligations			
Existing State Loans	<u>\$ 1,079,317</u>	<u>\$ 1,079,317</u>	<u>\$ 1,079,317</u>
Total Pre-existing Obligations	\$ 1,079,317	\$ 1,079,317	\$ 1,079,317
Net Revenues Available for Senior Debt Service Coverage	\$ 47,600,858	\$ 52,247,140	\$ 55,132,687
Senior Debt Service			
2004A Installment Purchase Agreement	--	--	--
2008A Installment Purchase Agreement	--	--	--
2009A Installment Purchase Agreement	\$ 3,351,638	\$ 3,350,238	\$ 3,349,038
2010A Installment Purchase Agreement ⁽⁶⁾	778,062	778,062	778,063
2012A Bonds ⁽⁷⁾	4,554,888	4,564,719	4,565,613
2012B Bonds	223,656	219,913	220,450
2014 Bonds ⁽⁸⁾	6,479,563	6,483,813	6,494,162
2016A Bonds	805,400	805,400	805,400
2016B Installment Purchase Agreement	1,923,650	1,923,650	1,923,650
2016C Bonds	4,007,350	4,007,350	3,617,747
Additional State Loans	<u>373,310</u>	<u>373,310</u>	<u>373,310</u>
Total Senior Debt Service	\$ 22,497,517	\$ 22,506,455	\$ 22,127,433
Senior Debt Service Coverage	2.12	2.32	2.49
Cash Available for Capital Projects or Other Improvements	\$ 25,103,341	\$ 29,740,685	\$ 33,005,256

⁽¹⁾ Excludes unrealized gains and losses on investments.

⁽²⁾ Increase in Fiscal Year 2017 a result of power production and insurance reimbursement for lost power production revenues for 2017 storm damage to water canal system.

⁽³⁾ Excludes the \$2.9 million non-cash write-off of expected reimbursements from FEMA that was recognized and accrued as revenues in 2017 in accordance with Generally Accepted Accounting Principles. Were the District to not have recognized the FEMA revenue in Fiscal Year 2017, senior debt service coverage in Fiscal Year 2017 would have been 2.36. Fiscal Year 2019 revenue increase related to FEMA grant revenue recovery from the 2017 storm event. See the caption "Response to Weather Conditions—2017 Storm Events."

(Footnotes continued on following page)

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- (4) Impact from Fiscal Year 2018 to Fiscal Year 2019 related to additional costs incurred by the District in response to several public safety power shutoff events initiated by PG&E.
- (5) Excludes non-cash accrual of benefits related to pension and post-employment benefits.
- (6) As discussed below under the caption “—Management Discussion With Respect to Fiscal Years 2014 through 2019,” the District prepaid, from District reserves, the outstanding amount under the 2010A Installment Purchase Agreement on March 1, 2019.
- (7) Reflects prepayments in 2016, 2017 and 2018 of principal and interest due on the next succeeding March 1, respectively. See the caption “—Management Discussion With Respect to Fiscal Years 2014 through 2019” below.
- (8) Reflects prepayments in in 2016, 2017 and 2018 of principal and interest due on the next succeeding March 1, respectively. See the caption “—Management Discussion With Respect to Fiscal Years 2014 through 2019” below.

Source: The District.

Management Discussion With Respect To Fiscal Years 2014 through 2019

In Fiscal Years 2016 through 2018 the District prepaid \$2,998,800, \$2,997,369 and \$2,995,925 in principal and interest, respectively, of the 2012A Bonds due on the succeeding March 1, from District reserves. In each of Fiscal Years 2016 through 2018, approximately 57.4% and 42.6% of such prepayments was allocable to the Water System and Wastewater System, respectively.

In Fiscal Years 2014 through 2018 the District prepaid \$2,997,300, \$2,998,800, \$2,998,000, \$2,998,125 and \$2,998,125 in principal and interest, respectively, of the 2014 Bonds due on the succeeding March 1, from District reserves. In each Fiscal Years 2014 through 2018, approximately 55.2% and 44.8% of such prepayments was allocable to the Water System and Wastewater System, respectively.

In addition, on March 1, 2019, the District prepaid, from District reserves, the outstanding \$14,755,000 principal amount under the 2010A Installment Purchase Agreement, at a prepayment price equal to such principal amount, plus interest with respect thereto to the prepayment date, without premium.

Without the foregoing prepayments, the District’s senior debt service coverage would have been 2.20 in Fiscal Year 2015, 2.26 in 2016, 1.96 in Fiscal Year 2017, 1.83 in Fiscal Year 2018 and 1.67 in Fiscal Year 2019.

Projected Operating Results and Debt Service Coverage

The estimated projected operating results for the District for Fiscal Year 2020 through Fiscal Year 2024 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District’s estimate of projected financial results based on a variety of assumptions, including the assumptions set forth in the footnotes to the chart below. All of such assumptions are material in the development of the District’s financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

In Fiscal Year 2019, the District prepaid \$2,999,588 in principal and interest of the 2012A Bonds due on March 1, 2020 from District reserves. In Fiscal Year 2019, the District prepaid \$2,998,125 in principal and interest of the 2014 Bonds due on March 1, 2020 from District reserves.

Without the foregoing prepayments, the District’s senior debt service coverage would have been projected to be 1.46 in Fiscal Year 2020.

The District anticipates prepaying, from District reserves, approximately \$6,000,000 in principal amount of the 2012A Bonds, 2014 Bonds and the 2020C Bonds in each of Fiscal Years 2020 through 2023. Approximately 52.7% of such amounts is expected to be allocated to the Water System in each of such Fiscal Years and approximately 47.3% of such amounts is expected to be allocated to the Wastewater System. As a result of such prepayments the District projects achieving 2.08 times senior debt service coverage in Fiscal Year 2021, 1.81 in Fiscal Year 2022, 1.86 in Fiscal Year 2023 and 1.94 in Fiscal Year 2024. No assurances can be

made that such prepayments will be made and if such prepayments are made, that such debt service coverage levels will be achieved.

**El Dorado Irrigation District
Projected Operating Results
Fiscal Year Ended December 31**

	2020 ⁽¹⁹⁾	2021	2022	2023	2024
Revenues					
Water Sales ⁽¹⁾	\$ 33,019,452	\$ 34,809,106	\$ 36,695,760	\$ 38,684,670	\$ 40,781,379
Wastewater Service Charges ⁽²⁾	22,170,242	22,347,604	22,526,385	22,933,662	23,348,303
Facility Capacity Charges ⁽³⁾	10,834,045	17,943,716	5,000,000	5,000,000	5,000,000
1% Property Tax Revenue ⁽⁴⁾	12,451,507	12,700,538	12,954,548	13,213,639	13,477,912
Surcharges ⁽⁵⁾	2,429,793	1,583,286	840,487	840,487	840,487
Investment Income ⁽⁶⁾	750,000	750,000	750,000	750,000	750,000
Recreation Fees ⁽⁷⁾	1,468,428	1,497,796	1,527,752	1,558,308	1,589,474
Reclaimed Water Reimbursement/Sales	2,263,679	2,395,878	2,535,797	2,683,888	2,840,626
Hydroelectric Revenues ⁽⁸⁾	8,000,000	7,000,000	6,000,000	6,000,000	6,000,000
Other Income ⁽⁹⁾	2,549,214	2,362,575	1,856,032	1,869,583	1,883,231
Total Revenues	<u>\$ 95,936,360</u>	<u>\$ 103,390,499</u>	<u>\$ 90,686,761</u>	<u>\$ 93,534,237</u>	<u>\$ 96,511,412</u>
Operation and Maintenance Costs⁽¹⁰⁾					
Personnel Expenses	\$ 30,306,575	\$ 31,518,838	\$ 32,779,592	\$ 33,762,979	\$ 34,775,869
Operating Supplies	4,299,803	4,471,795	4,650,667	4,790,187	4,933,893
Chemicals	1,071,609	1,114,473	1,159,052	1,193,824	1,229,638
Administration	4,362,742	4,537,252	4,718,741	4,860,304	5,006,113
Utilities	5,587,785	5,811,296	6,043,749	6,225,061	6,411,813
Professional Services	5,617,844	5,642,558	5,348,261	5,508,709	5,673,970
Repair Services	2,489,487	2,589,066	2,692,628	2,773,407	2,856,610
Insurance	896,600	932,464	969,763	998,855	1,028,821
Total Operation and Maintenance Costs	<u>\$ 54,632,445</u>	<u>\$ 56,617,742</u>	<u>\$ 58,362,453</u>	<u>\$ 60,113,326</u>	<u>\$ 61,916,726</u>
Net Revenues	\$ 41,303,915	\$ 46,772,757	\$ 32,324,308	\$ 33,420,911	\$ 34,594,685
Pre-existing Obligations					
Existing State Loans ⁽¹¹⁾	\$ 539,659	\$ -	\$ -	\$ -	\$ -
Total Pre-existing Obligations	<u>\$ 539,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Revenues Available for Senior Debt Service Coverage	\$ 40,764,256	\$ 46,772,757	\$ 32,324,308	\$ 33,420,911	\$ 34,594,686
Senior Debt Service					
2012A Bonds ⁽¹²⁾	\$ 4,414,794	\$ 7,269,050	\$ 2,662,425	\$ 2,663,050	\$ 2,658,425
2012B Bonds ⁽¹³⁾	221,650	223,988	-	-	-
2014 Bonds ⁽¹⁴⁾	6,470,188	5,173,313	5,508,938	5,500,188	5,506,338
2016A Bonds	3,921,800	3,917,100	3,919,500	3,917,125	3,920,625
2016B Installment Purchase Agreement	1,923,650	2,545,950	2,444,250	2,494,250	2,491,500
2016C Bonds	4,007,350	4,007,350	4,007,350	4,007,350	4,007,350
2020A Installment Purchase Agreement ⁽¹⁵⁾	675,667	3,874,125	3,875,250	3,879,000	3,875,375
2020B Bonds ⁽¹⁶⁾	78,444	1,250,000	1,243,000	1,229,125	1,135,500
2020C Bonds ⁽¹⁷⁾	119,150	244,554	243,024	241,446	244,699
Additional State Loans ⁽¹⁸⁾	186,656	-	-	-	-
Total Senior Debt Service	<u>\$ 22,019,348</u>	<u>\$ 28,505,429</u>	<u>\$ 23,903,737</u>	<u>\$ 23,931,533</u>	<u>\$ 23,839,812</u>
Senior Debt Service Coverage	1.85	1.64	1.35	1.40	1.45
Cash Available for Capital Projects or Other Improvements	\$ 18,744,908	\$ 18,267,329	\$ 8,420,572	\$ 9,489,378	\$ 10,754,875

(1) Based on projected water sales described under the caption “—Projected Water Sales Revenues” and projected increases in retail water rates and charges described under the caption “—Water System Rates and Charges.”

(2) Based on projected wastewater service charges described under the caption “—Projected Wastewater Service Charge Revenues” and projected increases in retail wastewater rates and charges described under the caption “—Wastewater System Rates and Charges.”

(Footnotes continued on following page)

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- (3) Represents facility capacity charges projected to be collected from operation of the Water System and the Wastewater System. Fiscal Years 2020 and 2021 amounts are based on unaudited results and discussions with developers within the District's service area. For Fiscal Year 2022 through Fiscal Year 2024 projections are estimated by the District using the projected number of water connections is derived from engineering estimates contained within the District's 2013 Water Resources Master Plan – Table 9-2, which are used for projecting timing and sizing of water facility additions. The 2013 Water Resources Master Plan information was derived by engineering consultants using, in part, County of El Dorado Economic Development growth projections.
- (4) Property taxes collected are allocated between the Water and Wastewater Systems at the District's discretion. See the caption "EL DORADO IRRIGATION DISTRICT—1% Property Tax Revenues." The Board has approved allocations of tax revenue between the Water and Wastewater Systems to reflect 75% to the Water System and 25% to the Wastewater System.
- (5) Revenues collected decrease in 2022 as a result of "Line and Cover Surcharge #2" sunseting.
- (6) Projected at 1 % to 2% per annum on projected District reserves.
- (7) Based on District projections.
- (8) Projected hydroelectric revenues through Fiscal Year 2021 based on amount per the contract with PG&E. Fiscal Year 2022 through 2024 based on estimated amounts to be received under a new long-term power purchase agreement. See the caption "—Hydroelectric Revenues."
- (9) Includes revenues from Industrial Pretreatment Program and Cross Connection Program, a State-mandated wastewater and recycled water testing program. Includes water sales to City of Placerville at wholesale rates. See the caption "EL DORADO IRRIGATION DISTRICT—Service Area."
- (10) Increases in amounts are projected at a rate of 4% per annum for Fiscal Years 2021 and 2022 and 3% for Fiscal Years 2023 and 2024.
- (11) See the caption "EL DORADO IRRIGATION DISTRICT—Other Outstanding Revenue Obligations—Pre-Existing Obligations." The District expects to refund all of the Pre-Existing Obligations from a portion of the proceeds of the 2020B Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (12) Fiscal Year 2020 amount reflects prepayment from District reserves of principal of and interest on the 2012A Bonds due on March 1, 2020 in the amounts of \$2,999,588 (57.4% of this prepayment was allocated to the Water System and 42.6% was allocated to the Wastewater System). The District expects to refund a portion of the outstanding 2012A Bonds from a portion of the proceeds of the 2020C Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (13) The District expects to refund the outstanding 2012B Bonds from a portion of the proceeds of the 2020C Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (14) Fiscal Year 2020 amount reflects prepayments from District reserves of principal of and interest on the 2014 Bonds due on March 1, 2020 in the amounts of \$2,998,125 (55.2% of this prepayment was allocated to the Water System and 44.8% was allocated to the Wastewater System). The District expects to refund a portion of the outstanding 2014 Bonds from a portion of the proceeds of the 2020C Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (15) Based on an estimated principal amount of \$60,810,000 and true interest cost of 3.30%.
- (16) Based on an estimated principal amount of \$7,060,000 and true interest cost of 1.11%.
- (17) Based on an estimated principal amount of \$5,920,000 and true interest cost of 3.14%.
- (18) Reflects payments under the DPH Contract which are on parity with the Installment Purchase Agreement. See the caption "EL DORADO IRRIGATION DISTRICT—Other Outstanding Revenue Obligations." The District expects to refund the outstanding amount under the DPH Contract from the proceeds of the 2020B Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (19) Based on Fiscal Year 2020 mid-cycle operating budget adopted on December 9, 2019. See the caption "EL DORADO IRRIGATION DISTRICT—Budget Process."

Source: The District.

INVESTMENT CONSIDERATIONS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the 2020 Bonds and the 2020A Certificates. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the 2020A Certificates and the 2020 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal or interest with respect to the 2020A Certificates and on the 2020 Bonds.

Accuracy of Assumptions

To estimate the Net Revenues which will be available to pay the Installment Payments and the 2020 Bonds, the District has made certain assumptions with regard to various matters, including but not limited to future development within the District, increases in property tax receipts and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Water System and the Wastewater System and the interest rate at which funds will be invested. The District believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the Installment Payments and the 2020 Bonds will, in all likelihood, be less than those

projected herein. See the captions “WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage.” See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Rate Covenants.”

Rates Covenants Not a Guarantee

The Installment Payments and the 2020 Bonds are payable from Net Revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS.” The District’s ability to pay the Installment Payments and debt service with respect to the 2020 Bonds depends on its ability to generate Net Water System Revenues and Net Wastewater System Revenues at the levels required by the 2020 Installment Purchase Agreement and the Indenture. Although the District has covenanted in the 2020 Installment Purchase Agreement and the Indenture to impose rates and charges as more particularly described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS — Rate Covenants” and expects that sufficient Net Water System Revenues and Net Wastewater System Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Water System Revenues and Net Wastewater System Revenues in the amounts required by the 2020 Installment Purchase Agreement and the Indenture. No assurance can be made that Net Water System Revenues and Net Wastewater System Revenues, estimated or otherwise, will be realized by the District in amounts sufficient to pay the Installment Payments and debt service on the 2020 Bonds. Among other matters, the availability of and demand for water and wastewater services, and changes in law and government regulations could adversely affect the amount of revenues realized by the District.

Limitations on Increases of Water and Wastewater Rates

Under State law, the District is not permitted to apply revenues of the Water System to pay costs related to the Wastewater System, and vice versa. In the event that Water System Revenues decrease as a result of reduced water consumption or for reasons under or beyond the District’s control, the District is not authorized under State law to increase rate and charges of its Wastewater System in order to pay any costs of the Water System. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES — Proposition 218.” As a result, a material decrease in the amount of either Wastewater Revenues or Water Revenues on its own could result in insufficient amounts of Net Revenues to pay Installment Payments and debt service on the 2020 Bonds. The District Board of Directors has adopted rate increases for water, wastewater and recycled water services through 2025. See the captions “THE WATER SYSTEM OF THE DISTRICT—Water System Rates and Charges,” “THE WASTEWATER SYSTEM OF THE DISTRICT—Wastewater System Rates and Charges” and “—Recycled Water System Rates and Charges.”

System Demand

There can be no assurance that the demand for Water Service and Wastewater Service will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenants. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Rate Covenants.” Demand for Water Service and Wastewater Service could be reduced or may not occur as projected by the District as a result of reduced levels of development in the District’s service area, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders and other factors.

As a result of the federal, State and local governmental response to the spread of COVID-19, economic activity within the County appears to have slowed dramatically in recent months. The District cannot predict what effects such economic slowdown may have on the ability or willingness of customers of the Water System and Wastewater System to pay rates and charges of the Water System and Wastewater System. In addition, the District cannot predict what effect of the spread of COVID-19 and the economic slowdown on construction activity within the District’ service area, which could adversely impact the District’s facility capacity charge revenues. See the caption “—Coronavirus” below.

System Expenses

There can be no assurance that the District's expenses will be consistent with the descriptions in this Official Statement. Operation and Maintenance Costs may vary with hydrological conditions, the quality and amount of water supplies, the quality and treatment requirements of wastewater, as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. See the caption "THE WATER SYSTEM—Water Supply." Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Rate Covenants."

Coronavirus

The spread of the novel strain of coronavirus and the disease it causes (now known as "COVID-19") is having significant negative impacts throughout the world, including in California. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State, and numerous counties throughout the State. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been a number of confirmed cases of COVID-19 in the State, including within the District's service area, and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools. The United States is restricting certain non-United States citizens and permanent residents from entering the country. In addition, financial markets in the United States and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the District's service area, cancellations of public events and disruption of the regional and local economy with corresponding decreases in the District's revenues. Further, an economic downturn affecting the District's service area could have an adverse impact on development activities within the District's service area, which would have a corresponding adverse effect on the receipt of facilities capacity fees by the District.

On March 19, 2020, El Dorado County issued a directive which, among other things (i) directs individuals to remain at their place of residence and to the extent possible, maintain social distancing when outside of their residence, (ii) directs all businesses except certain essential businesses (including, but not limited to, healthcare operations and essential infrastructure, grocery stores and other establishments engaged in the retail sale of food, gas stations, and banks and related financial institutions) to cease activities at facilities located within El Dorado County; and (iii) prohibits public and private gatherings of any number of people outside of a household or living unit except for certain limited purposes (including the aforementioned essential businesses). El Dorado County's directive expired on April 30, 2020. El Dorado County's Public Health Officer advised residents that going forward, they should be informed by and adhere to Governor Newsom's executive orders issued in response to the COVID-19 outbreak.

In response to the outbreak of COVID-19, on March 19, 2020, Governor Newsom ordered all individuals living in the State to stay home or at their place of residence, except as needed to maintain continuity of operation of the critical infrastructure sectors, critical government services, schools, and construction.

In addition, on April 2, 2020, Governor Newsom signed Executive Order N-42-20 ("Order N-42-20"), which, among other things, (i) suspends the authority of water systems, such as the District, from suspending water service for non-payment, (ii) orders that residential service to occupied residences that has been discontinued for nonpayment since March 4, 2020 be restored and (iii) provides that the SWRCB will identify best practices, guidelines, or both to be implemented during the COVID-19 emergency (a) to address non-

payment or reduced payments, (b) to promote and to ensure continuity of service by water systems and wastewater systems, and (c) to provide measures such as the sharing of supplies, equipment and staffing to relieve water systems under financial distress. Order N-42-20 does not eliminate the obligation of water customers to pay for water service, prevent a water system, such as the District, from charging a customer for such service, or reduce the amount a customer already may owe to a water system, such as the District.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the District is unknown and there can be no assurance that the outbreak of COVID-19 will not affect the District's ability to pay the 2020 Bonds and the Installment Payments, which secure the 2020A Certificates.

Limited Recourse on Default

If the District defaults on its obligation to pay the Installment Payments or the 2020 Bonds, the Trustee has the right to declare the total unpaid principal amount of the Installment Payments and the 2020 Bonds, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the District will have sufficient funds to pay such accelerated amounts from Net Revenues.

Natural Disasters and Seismic Considerations

General. The District, like all southern California communities, is subject to unpredictable seismic activity, fires, floods, high winds, landslides or other natural disasters. A severe natural disaster, such as an earthquake, fire, flood, high wind event or landslide, could result in substantial damage to the District, including the Water System and the Wastewater System.

Although the District maintains certain insurance, including flood insurance, for damage to the Water System and Wastewater System as described under the caption "EL DORADO IRRIGATION DISTRICT—District Property and Liability Insurance," there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Seismic Activity. The District is located in a seismically active region. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the District, including the Water System and Wastewater System. The District has an emergency response plan that would be implemented under such circumstances.

Newer Water System and Wastewater System facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. The impact of lesser magnitude events is expected by the District to be temporary, localized and repairable. The Water System and Wastewater System has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances.

The District does not currently maintain earthquake insurance on Water System and Wastewater System facilities.

Flooding. Portions of the District are mapped within the 100-year flood plain and have the potential to flood if rain events exceed the floodplain capacity. In 2017, a series of storm events damaged certain District facilities. See the caption "THE WATER SYSTEM OF THE DISTRICT—Response to Weather Conditions—2017 Storm Events." The District maintains insurance covering damage to the Water System and Wastewater

System caused by flooding. See the caption ““EL DORADO IRRIGATION DISTRICT— District Property and Liability Insurance.”

Fire. Wildfires have occurred in recent years in different regions of the State. The majority of the District’s service area, including areas where District facilities are located, are considered by the Department of Forestry and Fire Protection of the State of California (“CalFire”) to have an elevated risk of wildfires and have been mapped with the California Public Utilities Commission Fire Threat Map as either “Elevated” or “Extreme”. To help address this risk, the District has aggressively pursued wildland fire fuel reduction projects across its service area for many years in close partnership with local, State, and federal fire protection agencies to reduce the risk of wildfire to communities, and more specifically District facilities subject to wildfire risk. Most recently, the District obtained approximately \$2 million in grants from CalFire to reduce fuels around District facilities. Additionally, the District holds the longest running Vegetation Management Plan (“VMP”) with CalFire, which has been in place for over 30 years, to maintain fuels around the District’s primary water supply reservoir and treatment facilities – Sly Park. These ongoing efforts are key to assisting the District to maintain critical water supplies, both for health and safety purposes and firefighting, produced at the District’s two water treatment plants located in Pollock Pines. Water that is treated at such plants are delivered throughout the service area through to El Dorado Hills

There can be no assurance that fires will not occur within the boundaries of the District in the future, leading to decreased usage of the District’s Water System and Wastewater System, decreased ability to generate hydropower, and a decline in Net Revenues. The District carries property insurance for fire damage.

Drought. On April 1, 2015, for the first time in California’s history, the State Governor directed the SWRCB to implement mandatory water reductions in cities and towns across California to reduce total water usage in the State by 25%. Such restrictions applied to the District, as described under the caption “THE WATER SYSTEM OF THE DISTRICT—Response to Weather Conditions.” Although most of such mandatory water reductions have since been lifted, the State has since enacted permanent restrictions on water usage. There can be no assurance that future drought conditions will not re-appear in the future, leading to decreased usage of the District’s Water System, or that the State’s permanent water usage restrictions will not lead to decreased usage of the District’s Water System.

Climate Change. Climate change caused by human activities may have adverse effects on the District’s Water System and Wastewater System. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. Although the District has not adopted climate action plan, the District considers the potential effects of climate change in its planning. In 2008, the District adopted a Drought Preparedness Plan (the “Drought Plan”) that considered the potential effects of climate change on future water supplies and operations. The Drought Plan, along with the accompanying 2014 Drought Action Plan adopted by the District, are utilized in both long-term planning efforts as well as drought response during periods of low water yield.

Projections of the impacts of global climate change on the District are complex and depend on many factors that are outside the District’s control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, while the District has considered climate change in maintaining and expanding its Water System and Wastewater System, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the District’s past and future investment in adaptation strategies, the District can give no assurance about the net effects of those strategies and whether the District will be required to take additional adaptive mitigation measures.

Sustainable Groundwater Management Act

On September 16, 2014, the State Governor signed Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or “SGMA”) into law. SGMA

constitutes a legislative effort to regulate groundwater on a statewide basis. Under SGMA, the California Department of Water Resources (“DWR”) designated groundwater basins in the State as high, medium, low or very low priority for purposes of groundwater management. Local groundwater producers were required to establish or designate an entity (referred to as a groundwater sustainability agency, or “GSA”), subject to DWR’s approval, to manage each high and medium priority groundwater basin. Each GSA is tasked with submitting a groundwater sustainability plan for DWR’s approval by January 31, 2020. Alternatively, groundwater producers were required to submit a groundwater management plan under Part 2.75 of the California Water Code or an analysis for DWR’s review demonstrating that a groundwater basin has operated within its sustainable yield for at least 10 years by January 31, 2017, with updates every five years thereafter.

Although the District’s does not currently pump groundwater as a source of water supply and is therefore not subject to SGMA reporting requirements, there can be no assurance that the implementation of SGMA, or similar additional State legislation enacted in the future, would not affect the District’s operations. For example, neighboring water purveyors diverting from Folsom Reservoir and other Central Valley Project facilities that also utilize groundwater to meet portions of their water supply needs could find themselves more reliant upon surface water supplies following implementation of SGMA. This, in turn, could result in increased demand of water from Folsom Reservoir and other Central Valley Project supplies, which may affect the reliability of District supplies from this point of diversion. Similarly, a net increase in surface water supplies could result in more frequent and significant regulatory constraints imposed by the SWRCB to ensure all beneficial uses of the State’s water supplies are met, including minimum instream flows.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the District may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

The opinions to be delivered by Special Counsel and Bond Counsel and concurrently with the execution and delivery of the 2020A Certificates and the issuance of the 2020 Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the execution and delivery of the 2020A Certificates and the issuance of the 2020 Bonds will be similarly qualified. See Appendix D and Appendix E. In the event that the District fails to comply with its covenants under the Installment Purchase Agreement or the Indenture or fails to pay the Installment Payments, which secure the payments of principal and interest with respect to the 2020A Certificates, or the 2020 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the 2020A Certificates or the 2020 Bonds.

Limited Obligations

The Installment Purchase Agreement and the 2020 Bonds are each limited obligations of the District payable solely from Net Revenues and secured solely by the Revenues pledged in the Installment Purchase Agreement and the Indenture, as applicable. If for any reason, the District does not collect sufficient Revenues to pay the Installment Payments and the 2020 Bonds, the District will not be obligated to utilize any other of its funds, other than certain amounts on deposit in the funds and accounts established under the Trust Agreement and the Indenture, to pay the 2020A Certificates and the 2020 Bonds, as applicable.

Statutory and Regulatory Compliance

Laws and regulations governing treatment and delivery of water and the treatment and disposal of wastewater are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the Water System or the Wastewater System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Water System or the Wastewater System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for municipal water and wastewater systems such as that operated by the District may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the District. In addition to the other limitations described herein, the State electorate or Legislature could adopt a Constitutional amendment, legislation or an initiative with the effect of reducing revenues payable to or collected by the District. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the District to generate Net Revenues in amounts that are sufficient to pay the Installment Payments and the 2020 Bonds.

Parity Obligations

The Installment Purchase Agreement and the Indenture permits the District to issue Bonds and enter into Contracts payable from Net Revenues on a parity with the Installment Payments, which secure the 2020A Certificates, and the 2020 Bonds, subject to the terms and conditions set forth therein. The issuance of additional Bonds and entry into Contracts could result in reduced Net Revenues available to pay the Installment Payments and the 2020 Bonds. The District has covenanted to maintain coverage of at least 125% of Debt Service, as further described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Additional Contracts and Bonds.”

Loss of Tax Exemption

Interest with respect to the 2020A Certificates and on the 2020B Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date that the 2020A Certificates were executed and delivered and the 2020B Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the 2020 Installment Purchase Agreement, Trust Agreement and the Indenture. In addition, current and future legislative proposals, if enacted into law, may cause interest with respect to the 2020A Certificates and on the 2020B Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals. See the caption “TAX MATTERS.” Should such an event of taxability occur, the 2020A Certificates and the 2020B Bonds are not subject to a special redemption or prepayment and will remain outstanding until maturity.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2020A Certificates or the 2020 Bonds or, if a secondary market exists, that any 2020A Certificates or 2020 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Cybersecurity

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal.

The District and its vendors employ a multi-level cyber protection scheme that includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection and domain name system filtering software. The District regularly analyzes the network construct for potential weaknesses in cyber security and thereafter promptly implements solutions for identified shortfalls. In addition, the District contracts with third party vendors to monitor and augment internal monitoring of the District's computer systems. To date, the District has not experienced an external attack on its computer operating systems resulting in a data breach. Staff is regularly trained to spot potential scams or inconsistencies in network performance which may indicate system vulnerability. However, there can be no assurance that a future attack or attempted attack would not result in disruption of District operations. The District expects that any such disruptions would be temporary in nature.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIII B

The State Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (i) the financial responsibility for a service is transferred to another public entity or to a private entity; (ii) the financial source for the provision of services is transferred from taxes to other revenues; or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions and refunds of taxes. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (a) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation); and (b) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

The District is of the opinion that the rates imposed by the District do not exceed the costs that the District reasonably bears in providing water or wastewater service. The District will covenant in the Indenture and in the 2020 Installment Purchase Agreement that, to the fullest extent permitted by law, it will prescribe rates and charges sufficient to provide Net Revenues for payment of principal of and interest on the 2020 Bonds and the Installment Payments, as applicable, in each year.

Proposition 218

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIII D. Article XIII D defines the terms “fee” and “charge” to mean “any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for water service is ultimately determined to be a “fee” or “charge” as defined in Article XIII D, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIII D includes a number of limitations applicable to existing fees and charges including provisions to the effect that: (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIII D did not apply to charges for water services that are “primarily based on the amount consumed” (i.e., metered water rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006) (the “*Bighorn Case*”), however, that fees for ongoing water service through an existing connection were properly-related fees and charges. The Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218.

The District has complied with the notice, hearing and protest procedures in Article XIII D with respect to water and wastewater increases, as further explained by the State Supreme Court decision in the *Bighorn Case*, since 2004.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (the “*SJC Case*”). In this case, the court upheld tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The District does not currently expect the decision in the *SJC Case* to affect its water rate structure. The District believes that its current water rates comply with the requirements of Proposition 218 and expects that any future water rate increases will comply with the Initiative.

Article XIIIIC. Article XIIIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIIIC. Moreover, the provisions of Article XIIIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn* Case that the provisions of Article XIIIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. The District does not believe that Article XIIIIC grants to the voters within the District the power to repeal or reduce the water charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the 2020 Bonds and the 2020A Certificates. Remedies available to beneficial owners of the 2020 Bonds and the 2020A Certificates in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the 2020 Bonds, the Indenture, the 2020A Certificates, the 2020 Installment Purchase Agreement and the 2020 Trust Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinions of Special Counsel and Bond Counsel (the forms of which is attached as Appendix D and Appendix E, respectively), will be similarly qualified.

The District believes that its current water and wastewater rates and other property-related charges comply with the requirements of Proposition 218 and expects that any future water and wastewater rates and other property-related charges will comply with Proposition 218’s procedural and substantive requirements to the extent applicable thereto.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The District does not believe that the enactment of Proposition 26 will affect its ability to levy rates and charges for Water Service or Wastewater Service.

Future Initiatives

Articles XIII B, XIII C and XIII D were adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiatives could be proposed and adopted affecting the District's revenues or ability to increase revenues.

CERTAIN LEGAL MATTERS

Special Counsel will render an opinion with respect to the Installment Payments, the Installment Purchase Agreement and the Trust Agreement substantially in the form set forth in Appendix D hereto and Bond Counsel will render an opinion with respect to the 2020 Bonds substantially in the form set forth in Appendix E hereto. Copies of such opinions will be furnished to the Underwriter at the time of delivery of the 2020A Certificates and the 2020 Bonds, respectively.

Certain legal matters will be passed upon for the District and the Corporation by counsel to the District, Brian D. Poulsen, Esq., for the Underwriter by its counsel, Gilmore & Bell P.C. and for the Trustee by its counsel.

The payment of the fees of Special Counsel is contingent upon the execution and delivery of the 2020A Certificates and the payment of the fees of Bond Counsel is contingent upon the issuance of the 2020 Bonds.

Special Counsel and Bond Counsel express no opinion to the owners of the 2020A Certificates and the 2020 Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the 2020A Certificates and the 2020 Bonds and expressly disclaims any duty to advise the Owners of the 2020A Certificates and the 2020 Bonds as to matters related to this Official Statement.

Special Counsel and Bond Counsel represent the District in connection with the execution and delivery of the 2020A Certificates and the issuance of the 2020 Bonds. Special Counsel and Bond Counsel represents the Underwriter from time-to-time on other financings and matters unrelated to the District, the 2020A Certificates or the 2020 Bonds. Bond Counsel does not represent the Underwriter or any other party with respect to the execution and delivery of the 2020A Certificates or the issuance of the 2020 Bonds other than the District.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the District, threatened against the District affecting the existence of the District or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2020 Bonds or the execution and delivery of the 2020A Certificates, the application of the proceeds thereof in accordance with the Indenture and the 2020 Trust Agreement, respectively, or in any way contesting or affecting the validity or enforceability of the Indenture, the 2020 Bonds, the 2020 Trust Agreement, the 2020 Installment Purchase Agreement, the 2020A Certificates or any action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the 2020 Bonds or the 2020A Certificates or any action of the District contemplated by any of said documents, nor to the knowledge of the District, is there any basis therefor.

There are no pending suits contesting or affecting the collection of the District Revenues or which would have a material adverse effect on the District's Water System or the District's Wastewater System, the financial condition of the District, including the ability of the District to pay principal of and interest on the 2020 Bonds or to make Installment Payments.

TAX MATTERS

2020A Certificates

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Special Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, the portion of each Installment Payment with respect to the 2020A Certificates constituting interest (and original issue discount) is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, the portion of each Installment Payment with respect to the 2020A Certificates constituting interest is exempt from State personal income tax.

Special Counsel’s opinion as to the exclusion from gross income of the portion of each Installment Payment with respect to the 2020A Certificates constituting interest (and original issue discount) is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Code, that must be satisfied subsequent to the execution and delivery of the 2020A Certificates to assure that the portion of each Installment Payment with respect to the 2020A Certificates constituting interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the portion of each Installment Payment with respect to the 2020A Certificates constituting interest (and original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2020A Certificates. The District has covenanted to comply with all such requirements.

The difference between the issue price of a 2020A Certificate (the first price at which a substantial amount of the 2020A Certificate of a maturity is to be sold to the public) and the stated payment price at maturity with respect to the 2020A Certificate (to the extent the payment price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2020A Certificate Owner’s before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2020A Certificate Owner will increase the 2020A Certificate Owner’s basis in the applicable 2020A Certificate. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the 2020A Certificate Owner is excluded from gross income of such 2020A Certificate Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the 2020A Certificate Owner of a 2020A Certificate is exempt from State of California personal income tax.

The amount by which a 2020A Certificate Owner’s original basis for determining gain or loss on sale or exchange of the applicable 2020A Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2020A Certificate Owner’s basis in the applicable 2020A Certificate (and the amount of tax-exempt interest received with respect to the 2020A Certificates), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2020A Certificate Owner realizing a taxable gain when a 2020A Certificate is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020A Certificate to the Owner. Purchasers of the 2020A Certificates should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2020A Certificate premium.

2020B Bonds

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described

herein, interest (and original issue discount) on the 2020B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the 2020B Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest on the 2020B Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2020B Bonds to assure that interest on the 2020B Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the 2020B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020B Bonds. The District has covenanted to comply with all such requirements.

The difference between the issue price of a 2020B Bond (the first price at which a substantial amount of the 2020B Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the 2020B Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2020B Bond Owner's before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2020B Bond Owner will increase the 2020B Bond Owner's basis in the applicable 2020B Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the 2020B Bond Owner is excluded from gross income of such 2020B Bond Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the 2020B Bond Owner of a 2020B Bond is exempt from State of California personal income tax.

The amount by which a 2020B Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable 2020B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2020B Bond Owner's basis in the applicable 2020B Bond (and the amount of tax-exempt interest received with respect to the 2020B Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2020B Bond Owner realizing a taxable gain when a 2020B Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020B Bond to the Owner. Purchasers of the 2020B Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

2020C Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the 2020C Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code, as amended, but is exempt from State of California personal income tax.

The difference between the issue price of a 2020C Bond (the first price at which a substantial amount of the 2020C Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2020C Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the 2020C Bond Owner will increase the 2020C Bond Owner's basis in the 2020C Bond.

The amount by which a 2020C Bond Owner's original basis for determining loss on sale or exchange in the applicable 2020C Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2020C Bond premium, which a 2020C Bond Owner may elect to amortize under Section 171 of the Code; such amortizable 2020C Bond premium reduces the 2020C Bond

Owner's basis in the applicable 2020C Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2020C Bond premium may result in a 2020C Bond Owner realizing a taxable gain when a 2020C Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020C Bond to the Owner. Purchasers of the 2020C Bond should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2020C Bond premium.

In the event of a legal defeasance of a 2020C Bond, such bond might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable 2020C Bond Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the 2020C Bond Owner's adjusted tax basis in such bond.

The federal tax and State of California personal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. The ownership and disposal of the 2020C Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2020C Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2020C Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2020C Bonds.

General

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the 2020A Certificates and the 2020B Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2020A Certificates and the 2020B Bonds might be affected as a result of such an audit of 2020A Certificates and the 2020B Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the execution and delivery of the 2020A Certificates and the issuance of the 2020B Bonds and to the extent that it adversely affects the exclusion from gross income of interest on the portion of each Installment Payment with respect to the 2020A Certificates constituting interest or the interest on the 2020B Bonds or the market values of the 2020B Bonds and the 2020A Certificates.

It is possible that subsequent to the execution and delivery of the 2020A Certificates and the issuance of the 2020 Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the 2020A Certificates and the 2020 Bonds or the market value of the 2020A Certificates and the 2020 Bonds. Recently, proposed legislative changes have been introduced in Congress, which, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the 2020A Certificates and the 2020B Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the 2020A Certificates and the 2020B Bonds. No assurance can be given that subsequent to the execution and delivery of the 2020A Certificates and the issuance of the 2020 Bonds and the such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the 2020A Certificates or 2020 Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the 2020A Certificates and the 2020 Bonds.

Special Counsel and Bond Counsel's opinions with respect to the 2020A Certificates and the 2020 Bonds, respectively, may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel and Bond Counsel have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture, the 2020 Installment Purchase Agreement, the 2020 Trust Agreement and the Tax Certificate relating to the 2020A Certificates and the 2020B Bonds, as applicable, permit certain actions to be taken or to be omitted if a favorable opinion of Special Counsel or Bond Counsel is provided with respect thereto. Special Counsel and Bond Counsel express no opinion as to

the effect on the exclusion from gross income of interest for federal income tax purposes with respect to the portion of each Installment Payment with respect to the 2020A Certificates constituting interest and interest on any 2020B Bond or if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Special Counsel and Bond Counsel have rendered opinions the portion of each Installment Payment with respect to the 2020A Certificates constituting interest (and original issue discount) and that interest (and original issue discount) on the 2020B Bonds, respectively, are excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the 2020A Certificates and the 2020B Bonds and the accrual or receipt of interest on the 2020A Certificates and the 2020B Bonds may otherwise affect the tax liability of certain persons. Special Counsel and Bond Counsel express no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2020A Certificates or the 2020 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2020A Certificates or the 2020 Bonds.

MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc., Irvine, California (the “Municipal Advisor”) as Municipal Advisor in connection with the execution and delivery of the 2020A Certificates and the issuance the 2020 Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees being paid to the Municipal Advisor are contingent upon the issuance of the 2020A Certificates and the 2020 Bonds.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

RATINGS

The District expects that S&P Global Ratings (“S&P”) will assign the 2020A Certificates and the 2020 Bonds the rating of “___” (___ outlook) and that Moody’s Investors Service, Inc. (“Moody’s”) will assign the 2020A Certificates and the 2020 Bonds the rating of “___” (___ outlook). There is no assurance that any credit rating given to the 2020A Certificates and the 2020 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P or Moody’s, respectively, if, in the judgment of S&P or Moody’s, as applicable, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2020A Certificates and the 2020 Bonds. Such ratings reflect only the views of S&P and Moody’s, respectively, and an explanation of the significance of such ratings may be obtained from S&P and Moody’s. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

In providing a rating on the 2020A Certificates and the 2020 Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Indenture and the 2020 Installment Purchase Agreement, as applicable. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any bond covenants, the availability of particular revenues for the payment of Debt Service or for any other purpose.

The District has covenanted in Continuing Disclosure Certificates for the 2020A Certificates and the 2020 Bonds to file on EMMA, notices of any ratings changes on the 2020A Certificates and the 2020 Bonds. See the caption “CONTINUING DISCLOSURE UNDERTAKING” below and Appendices G and H. Notwithstanding such covenant, information relating to ratings changes on the 2020A Certificates and the 2020 Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the

2020A Certificates and the 2020 Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the 2020A Certificates and the 2020 Bonds after the initial execution and delivery of the 2020A Certificates and issuance of the 2020 Bonds.

UNDERWRITING

The 2020A Certificates and the 2020 Bonds will be purchased by Citigroup Global Markets Inc. (the “Underwriter”) pursuant to two purchase contracts, dated June __, 2020 (each a “Purchase Contract”), each by and between the District and the Underwriter.

Under the Purchase Contract with respect to the 2020A Certificates, the Underwriter has agreed to purchase all, but not less than all, of the 2020A Certificates for an aggregate purchase price of \$_____ (representing the principal amount of the 2020A Certificates, less an underwriter’s discount of \$_____, plus an original issue premium of \$_____). The Purchase Contract with respect to the 2020A Certificates provides that the Underwriter will purchase all of the 2020A Certificates, if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in such Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

Under the Purchase Contract with respect to the 2020 Bonds, the Underwriter has agreed to purchase all, but not less than all, of the 2020B Bonds for an aggregate purchase price of \$_____ (representing the principal amount of the 2020B Bonds, less an Underwriter’s discount of \$_____, plus an original issue premium of \$_____), and the 2020C Bonds for an aggregate purchase price of \$_____ (representing the principal amount of the 2020C Bonds, less an Underwriter’s discount of \$_____, plus an original issue premium of \$_____). The Purchase Contract with respect to the 2020 Bonds provides that the Underwriter will purchase all of the 2020 Bonds, if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2020 Bonds and the 2020A Certificates to certain dealers (including dealers depositing 2020 Bonds and 2020A Certificates into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, the Underwriter may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, the Underwriter will compensate Fidelity for its selling efforts.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses. In addition, certain affiliates of the Underwriter are lenders, and in some cases agents or managers for the lenders, under credit and liquidity facilities.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

CONTINUING DISCLOSURE UNDERTAKING

The District has covenanted in Continuing Disclosure Certificates for the benefit of the holders and beneficial owners of the 2020A Certificates and the 2020 Bonds to provide certain financial information and operating data relating to the District by not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2020) (the “Annual Reports”), and to provide notices of the occurrence of certain other enumerated events, if material. The Annual Reports and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system. The specific nature of the information to be contained in the Annual Report and the notice of material events with respect to the 2020A Certificates and the 2020 Bonds are set forth in Appendix G—”FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE 2020A CERTIFICATES” and in Appendix H—”FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE 2020 BONDS,” respectively. These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Over the past five years, the District has been subject to obligations under various continuing disclosure certificates, including but not limited to the Revenue Certificates of Participation, Series 2009A, the Refunding Revenue Certificates of Participation, Series 2010A, the 2012A Bonds, the 2012B Bonds, the 2014A Bonds, the Refunding Revenue Bond, Series 2016A, the Revenue Certificates of Participation, Series 2016B and the 2016C Bonds (collectively, the “Prior Continuing Disclosure Undertakings”). Pursuant to the Prior Continuing Disclosure Undertakings, the District agreed to file its audited financial reports, certain operating data with respect to the Water System, Wastewater System and Recycled Water System, as well as notices of certain enumerated events, if material.

In several instances the District failed to file or failed to timely file notices of rating changes as required by its Prior Continuing Disclosure Undertakings. On May 17, 2016, the District filed a supplemental filing detailing such rating changes.

Other than as described in the previous paragraph, the District has not failed to comply with the terms of its existing continuing disclosure undertakings in the last five years in any material respect.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2020A Certificates or the 2020 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the District.

EL DORADO IRRIGATION DISTRICT

By: _____
President, Board of Directors

APPENDIX A

EL DORADO IRRIGATION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS WITH RESPECT TO THE 2020A CERTIFICATES

The following is a summary of certain provisions of the 2020 Installment Purchase Agreement and the 2020 Trust Agreement which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS WITH RESPECT TO THE 2020 BONDS

The following is a summary of certain provisions of the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.

APPENDIX D

FORM OF OPINION OF SPECIAL COUNSEL WITH RESPECT TO THE 2020A CERTIFICATES

Upon execution and delivery of the 2020A Certificates, Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2020

El Dorado Irrigation District
2890 Mosquito Road
Placerville, California 95667
Members of the Board of Directors:

Members of the Board of Directors:

We have acted as Special Counsel to the El Dorado Irrigation District (the “District”) in connection with the execution and delivery of \$_____ aggregate principal amount of Revenue Certificates of Participation, Series 2020A, dated the date hereof (the “Certificates”), each evidencing and representing an interest of the registered owner thereof in the right to receive Installment Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under and pursuant to that certain Installment Purchase Agreement (the “Agreement”), dated as of June 1, 2020, by and between the District and El Dorado Irrigation District Financing Corporation (the “Corporation”), which right to receive such Installment Payments has been assigned by the Corporation to MUFG Union Bank, N.A., as trustee (the “Trustee”), pursuant to the Assignment Agreement, dated as of June 1, 2020, by and between the Trustee and the Corporation. The Certificates have been executed by the Trustee pursuant to the terms of the Trust Agreement, dated as of June 1, 2020 (the “Trust Agreement”), by and among the District, the Corporation and the Trustee.

In connection with our representation we have examined a certified copy of the proceedings relating to the Certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings show lawful authority for the execution and delivery by the District of the Agreement and the Trust Agreement under the laws of the State of California now in force, and the Agreement and the Trust Agreement have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the Trustee and the Corporation, as appropriate, are valid and binding obligations of the District enforceable against the District in accordance with their respective terms.
2. The Certificates, assuming due execution and delivery by the Trustee, are entitled to the benefits of the Trust Agreement.
3. The obligation of the District to make the Installment Payments from Net Revenues (as defined in the Agreement) is an enforceable obligation of the District 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 limit or restriction, and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

4. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, the portion of each Installment Payment constituting interest (and original issue discount) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

5. The portion of each Installment Payment constituting interest is exempt from State of California personal income tax.

6. The difference between the issue price of a Certificate (the first price at which a substantial amount of the Certificate of a maturity is to be sold to the public) and the stated payment price at maturity with respect to the Certificate (to the extent the payment price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Certificate owner's before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Certificate owner will increase the Certificate owner's basis in the applicable Certificate. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Certificate owner is excluded from gross income of such Certificate owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Certificate owner of a Certificate is exempt from State of California personal income tax.

7. The amount by which a Certificate owner's original basis for determining gain or loss on sale or exchange of the applicable Certificate (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable bond premium reduces the Certificate owner's basis in the applicable Certificate (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Certificate owner realizing a taxable gain when a Certificate is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Certificate to the owner.

The opinions expressed herein as to the exclusion from gross income of the portion of each Installment Payment constituting interest (and original issue discount) are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the execution and delivery of the Certificates to assure that such portion of each Installment Payment constituting interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the portion of each Installment Payment constituting interest (and original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the Certificates. The District has covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Trust Agreement, the Agreement and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Special Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of the portion of each Installment Payment constituting interest for federal income tax purposes with respect to any Certificate if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Certificates, the Agreement or the Trust Agreement.

Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Certificates.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Trust Agreement, the Agreement and the Certificates are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Certificates or other offering material relating to the Certificates and expressly disclaim any duty to advise the owners of the Certificates with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX E

FORM OF BOND COUNSEL'S OPINION WITH RESPECT TO THE 2020 BONDS

Upon issuance of the 2020 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2020

El Dorado Irrigation District
2890 Mosquito Road
Placerville, California 95667

*Re: El Dorado Irrigation District Refunding Revenue Bonds, Series 2020B
and Taxable Series 2020C*

Members of the Board of Directors:

We have examined a certified copy of the record of the proceedings of the El Dorado Irrigation District (the "District") relative to the issuance of the \$_____ El Dorado Irrigation District Refunding Revenue Bonds, Series 2020B (the "2020B Bonds") and Taxable Series 2020C (the "2020C Bonds" and together with the 2020B Bonds, the "2020 Bonds"), dated the date hereof, and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchaser of the 2020 Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The 2020 Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2020 (the "Indenture"), by and between the District and MUFG Union Bank, N.A., as trustee (the "Trustee"). The 2020 Bonds mature on the dates and in the amounts referenced in the Indenture. The 2020 Bonds are dated their date of delivery and bear interest at the rates per annum referenced in the Indenture. The 2020 Bonds are registered in the form set forth in the Indenture.

Based on our examination as Bond Counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. The proceedings of the District show lawful authority for the issuance and sale of the 2020 Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the 2020 Bonds and the Indenture are valid and binding obligations of the District enforceable against the District in accordance with their terms.

2. The obligation of the District to make the payments of principal of and interest on the 2020 Bonds from Net Revenues (as defined in the Indenture) is an enforceable obligation of the District and does not constitute an indebtedness of the District in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2020B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the 2020 Bonds is exempt from State of California personal income tax.

5. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code by owners of the 2020B Bonds and which may at the election of owners of the 2020C Bonds be amortized under Section 171 of the Code. With respect to the 2020B Bonds, such amortizable bond premium reduces the owner's basis in the applicable 2020B Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. With respect to the 2020C Bonds, such amortizable bond premium reduces the owner's basis in the applicable 2020C Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2020 Bond Owner realizing a taxable gain when a 2020 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020 Bond to the Owner.

6. The difference between the issue price of a 2020B Bond (the first price at which a substantial amount of the 2020B Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the 2020B Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2020B Bond Owner's before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2020B Bond Owner will increase the 2020B Bond Owner's basis in the applicable 2020B Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the 2020B Bond Owner is excluded from gross income of such 2020B Bond Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the 2020B Bond Owner of a 2020B Bond is exempt from State of California personal income tax.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the 2020B Bonds are based upon certain representations of fact and certifications made by the District and are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2020B Bonds to assure that such interest (and original issue discount) on the 2020B Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the 2020B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020B Bonds. The District has covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2020B Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest on the 2020B Bonds for federal income tax purposes with respect to any 2020B Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2020B Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 2020 Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the 2020 Bonds or the Indenture.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the 2020 Bonds or other offering material relating to the 2020 Bonds and expressly disclaim any duty to advise the owners of the 2020 Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX F

INFORMATION CONCERNING DTC

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter take any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2020 Bonds and the 2020A Certificates (together, the "Obligations"), payment of principal, premium, if any, accreted value, if any, and interest on the Obligations to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Obligations and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2020 Bond will be issued for each annual maturity of the Obligations, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3,500,000 issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Obligations representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by

an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions or prepayments, tenders, defaults, and proposed amendments to the Obligations documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption or prepayment notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption or prepayment proceeds, distributions, and dividend payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption or prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

An Owner of Obligations shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to the Trustee. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Obligations will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE OBLIGATIONS, WILL SEND ANY NOTICE OF REDEMPTION OR PREPAYMENT OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OR PREPAYMENT OF THE OBLIGATIONS CALLED FOR REDEMPTION OR PREPAYMENT OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE 2020A CERTIFICATES

Upon execution and delivery of the 2020A Certificates, the District proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

APPENDIX H

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE 2020 BONDS

Upon issuance of the 2020 Bonds, the District proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

PURCHASE CONTRACT

EL DORADO IRRIGATION DISTRICT

\$_____ REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020A

_____, 2020

El Dorado Irrigation District
2890 Mosquito Road
Placerville, California 95667

El Dorado Irrigation District Financing Corporation
2890 Mosquito Road
Placerville, California 95667

Ladies and Gentlemen:

Citigroup Global Markets Inc. (the “Underwriter”), acting on behalf of itself and not as an agent or representative of you, offers to enter into this purchase contract (the “Purchase Contract”) with the El Dorado Irrigation District (the “District”), which will be binding upon the District and the Underwriter upon the acceptance hereof by the District and acknowledgement by the El Dorado Irrigation District Financing Corporation (the “Corporation”). This offer is made subject to its acceptance by the District by execution of this Purchase Contract and its delivery to the Underwriter and acknowledgment by the Corporation on or before 8:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the meanings given to such terms in the hereinafter defined Official Statement and if not defined in the Official Statement the in the hereinafter defined Installment Purchase Agreement.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase, and the District hereby agrees to cause to be delivered to the Underwriter, all (but not less than all) of the District’s \$_____ aggregate principal amount of Revenue Certificates of Participation, Series 2020A (the “Certificates”) at a purchase price of \$_____ (representing the par amount of the Certificates, plus \$_____ of [net] original issue premium and less \$_____ of Underwriter’s discount).

2. Description and Purpose of the Certificates. (a) The Certificates shall be executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2020 (the “Trust Agreement”), by and among the District, the Corporation, and MUFG Union Bank, N.A., as trustee (the “Trustee”). The Certificates shall mature in the amounts and on the dates and represent interest at the rates set forth in Exhibit A hereto. Other terms of the Certificates shall be as described in the Trust Agreement. The Certificates evidence and represent the proportionate undivided interests of the registered owners thereof in certain

installment payments (the “Installment Payments”) to be made by the District pursuant to an Installment Purchase Agreement, dated as of June 1, 2020 (the “Installment Purchase Agreement”), by and between the District and the Corporation. The Corporation will assign its right to receive Installment Payments to the Trustee pursuant to an Assignment Agreement, dated as of June 1, 2020 (the “Assignment Agreement”), by and between the Corporation and the Trustee.

(b) The proceeds of the Certificates will be used to (i) finance the acquisition of certain facilities for the District’s Water System and (ii) pay the costs of executing and delivering the Certificates.

3. The Series 2020B/C Bonds. At or about the same time of the issuance of the Certificates, there will be issued by the District \$_____ aggregate principal amount of Refunding Revenue Bonds, Series 2020B and \$_____ aggregate principal amount of Refunding Revenue Bonds, Taxable Series 2020C (together, the “Series 2020B/C Bonds”). The Series B/C Bonds will be issued pursuant to an Indenture of Trust, dated as of June 1, 2020, between the District and the Trustee.

4. Public Offering. The Underwriter agrees to make an initial public offering of all the Certificates at the public offering prices (or yields) set forth in the Official Statement. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Certificates, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Certificates may be offered and sold to certain dealers at prices lower than such initial public offering price or prices set forth in the hereinafter referred to Official Statement. The Underwriter also reserves the right (i) to engage in transactions that stabilize, maintain or otherwise affect the market price of the Certificates at a level above that which might otherwise prevail in the open market and (ii) to discontinue such transactions, if commenced, at any time.

5. Establishment of Issue Price.

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

(b) Except for any Hold-the-Price Maturities described in subsection (c) below and indicated on Exhibit A attached hereto, the District will treat the first price at which 10% of each maturity of the Certificates (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). Exhibit A attached hereto sets forth the maturities of the Certificates for

which the 10% test has been satisfied as of the date of this Purchase Contract (the “General Rule Maturities”) and the prices at which the Underwriters have sold such General Rule Maturities to the public.

(c) With respect to the maturities of the Certificates that are not General Rule Maturities, as described in Exhibit A attached hereto (the “Hold-the-Price Maturities”), the Underwriter confirms that it has offered such maturities of the Certificates to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. The District and the Underwriter agree that the restrictions set forth in the next sentence shall apply to the Hold-the-Price Maturities, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Hold-the-Price Maturities, the Underwriter will neither offer nor sell unsold Certificates of such maturity of the Hold-the-Price Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

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

(d) The Underwriter confirms that:

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

(A)(i) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date (as defined herein) has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to

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

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

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

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

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

requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

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

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

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

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

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

6. Delivery of Official Statement. Pursuant to the authorization of the District, the Underwriter has distributed copies of the Preliminary Official Statement dated _____, 2020, relating to the Certificates and the Series 2020B/C Bonds, which, together with the cover page and appendices thereto, is herein called the “Preliminary Official Statement.” By its acceptance of this proposal, the District hereby approves and ratifies the distribution and use by the Underwriter of the Preliminary Official Statement. The District agrees to execute and deliver a final Official Statement in substantially the same form as the Preliminary Official Statement with such changes as may be made thereto with the consent of the District and the Underwriter, and to provide copies thereof to the

Underwriter as set forth in Section 8(n) hereof. The District hereby authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Certificates: the Preliminary Official Statement, the Official Statement, the Trust Agreement, the Installment Purchase Agreement, the Assignment Agreement, the Continuing Disclosure Certificate (as hereinafter defined), and other documents or contracts to which the District or the Corporation is a party in connection with the transactions contemplated by this Purchase Contract, including this Purchase Contract and all information contained herein, and all other documents, certificates and statements furnished by the District or the Corporation to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

7. The Closing. At [8:00 a.m.], California time, on _____, 2020 (the “Closing Date”), or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the District, the Corporation, and the Underwriter, the District will cause to be executed and delivered (i) the Certificates in book-entry form through the facilities of The Depository Trust Company, or its agent, on behalf of the Underwriter, and (ii) the closing documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Special Counsel”) in Newport Beach, California or another place to be mutually agreed upon by the District, the Corporation, and the Underwriter. The Underwriter will accept such delivery of the Certificates and pay the purchase price of such Certificates as set forth in Section 1 hereof in immediately available funds to the order of the District. This payment for and delivery of the Certificates, together with the execution and delivery of the aforementioned documents, is herein called the “Closing.”

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

(a) Due Organization, Existence and Authority. The District is an irrigation district duly organized and existing under the Constitution and laws of the State of California (the “State”), with full right, power and authority to execute, deliver and perform its obligations under this Purchase Contract, the Trust Agreement, the Installment Purchase Agreement, and the Continuing Disclosure Certificate (collectively, the “District Documents”) and to carry out and consummate the transactions contemplated by the District Documents and the Official Statement.

(b) Due Authorization and Approval. By all necessary official action of the District, the District has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations contained or described in, the Preliminary Official Statement, the Official Statement and the District Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming the authorization, execution and delivery by the other parties thereto, each District Document will constitute the legally valid and binding obligation of the District enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization,

moratorium, fraudulent conveyance or similar laws or equitable principles relating to or affecting creditors' rights generally or by the exercise of judicial discretion in appropriate cases or by limitations on legal remedies against public agencies in the State.

(c) Official Statement Accurate and Complete. The Preliminary Official Statement was as of its date, and the Official Statement is as of the date hereof, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain no misstatement of any material fact and do not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system).

(d) Underwriter's Consent to Amendments and Supplements to Official Statement. The District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Certificates.

(e) District Agreement to Amend or Supplement Official Statement. If after the date of this Purchase Contract and until 25 days after the end of the "underwriting period" (as defined in Section 240 15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations ("Rule 15c2-12")), any event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and, in the reasonable opinion of the Underwriter, an amended or supplemented Official Statement should be delivered in connection with the offers or sales of the Certificates to reflect such event, the District promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the District shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. The Underwriter hereby agrees to deposit the Official Statement with the Municipal Securities Rulemaking Board (the "MSRB"). The Underwriter acknowledges that the end of the "underwriting period" will be the date of Closing.

(f) No Material Change in Finances. Except as otherwise described in the Official Statement, there shall not have been any material adverse changes in the financial condition of the District since December 31, 2019.

(g) No Breach or Default. As of the time of acceptance hereof, (A) the District is not in default, nor has it been in default, as to principal or interest with respect to an obligation issued by the District, and (B) the District is not, in any

manner which would materially adversely affect the transactions contemplated by the District Documents, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would materially adversely affect the transactions contemplated by the District Documents, a default or event of default under any such instrument; and, as of such time, the authorization, execution and delivery of the District Documents and compliance with the provisions of each of such agreements or instruments do not in any manner which would materially adversely affect the transactions contemplated by the District Documents, conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the District Documents.

(h) No Litigation. As of the time of acceptance hereof, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best knowledge of the District after due investigation, threatened (A) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (B) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Certificates, or in any way contesting or affecting the validity of the Certificates or the District Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Certificates from gross income for federal income tax purposes or contesting the powers of the District to enter into the District Documents; (C) which, except as described in the Official Statement, may result in any material adverse change to the financial condition of the District or to its ability to pay the debt service payments on the Certificates when due; or (D) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (A) through (D) of this sentence.

(i) No Prior Liens on Revenues. Except for (A) [the Pre-Existing Indebtedness], which is secured by a lien on the Revenues superior to the lien of the Installment Payments and (B) the the 2016 Installment Purchase Agreement, the 2012A Bonds, [the 2012B Bonds,] the 2014 Bonds, the 2016A Bonds, the 2016B Bonds, the 2016C Bonds, the 2020B/C Bonds [and the DPH Contract,] which are secured by a lien on the Revenues on a parity with the lien of the Installment Payments, the District does not and will not at the time of the Closing have outstanding any other indebtedness which indebtedness is secured by a lien on the Revenues superior to or on a parity with the lien of the Installment Payments on the Revenues.

(j) Further Cooperation: Blue Sky. The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (A) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (B) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Certificates; provided, however, that the District shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(k) Consents and Approvals. All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the District of its obligations in connection with, the District Documents or the acquisition of the 2020 Project have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates.

(l) No Other Obligations. Between the date of this Purchase Contract and the date of Closing and except as otherwise disclosed in the Official Statement, the District will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, directly or contingently payable from the Revenues.

(m) Certificates. Any certificate signed by any official of the District and delivered to the Underwriter shall be deemed to be a representation and warranty by the District to the Underwriter as to the statements made therein.

(n) Compliance with Rule 15c2-12. The Preliminary Official Statement heretofore delivered to the Underwriter is hereby deemed final by the District as of its date and as of the date hereof, except for the omission of such information as is

permitted to be omitted in accordance with paragraph (b)(i) of Rule 15c2-12. The District hereby covenants and agrees that, within seven business days from the date hereof, the District shall cause a final form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and rules of the MSRB.

(o) Continuing Disclosure. Except as described in the Official Statement, the District has been in compliance for at least the last five years with all continuing disclosure undertakings that it has entered into pursuant to Rule 15c2-12 in all material respects. The District will undertake, pursuant to the Continuing Disclosure Certificate relating to the Certificates (the “Continuing Disclosure Certificate”) to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12. The form of the Continuing Disclosure Certificate is set forth as Appendix G to the Official Statement.

9. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the District and the Corporation of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter’s obligations under this Purchase Contract are and shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the District contained herein, shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the District Documents and the Corporation Documents (as hereinafter defined) shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) there shall be in full force and effect such resolutions (the “Resolutions”) as, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement, the District Documents, and the Corporation Documents, (iii) the District shall perform or have performed its obligations required or specified in the District Documents to be performed at or prior to Closing, (iv) the Corporation shall perform or have performed its obligations required or specified in the Corporation Documents to be performed at or prior to Closing, and (v) the Official Statement shall not have been supplemented or amended, except pursuant to sections 8(d) hereof or as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default, or any event that with the passage of time would be reasonably likely to result in default, shall have occurred or be existing under the Resolutions, the Corporation Documents, the District Documents, or any other agreement or document pursuant to which any of the District’s financial obligations was issued and the District shall not be in default in the payment of principal or interest on any of its financial obligations which

default would materially adversely impact the ability of the District to make the Installment Payments.

(d) Termination Events. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by written notification to the District if at any time at or prior to the Closing:

(i) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Certificates or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the District, or the status of the interest on bonds or notes or obligations of the general character of the Certificates; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Certificates; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a

stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the execution, delivery, offering or sale of obligations of the general character of the Certificates, or the execution, delivery, offering or sale of the Certificates, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Certificates, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Certificates; or

(vi) a general banking moratorium shall have been established by federal or state authorities or any material disruption in commercial banking or securities settlement or clearance services shall have occurred, which moratorium or disruption materially adversely affects the ability of the Underwriter to market, sell or trade the Certificates; or

(vii) the United States has become engaged in hostilities beyond currently existing hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak or escalation of currently existing hostilities or a national or international calamity or crises, financial or otherwise, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market or deliver the Certificates; or

(viii) any rating of the securities of the District reflecting the creditworthiness of the District shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Certificates; or

(ix) the commencement of any action, suit or proceeding described in section 8(h) hereof which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Certificates; or

(x) there shall be in force a general suspension of trading on the New York Stock Exchange, which suspension materially adversely affects the ability of the Underwriter to market, sell or deliver the Certificates.

(e) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Certificates the following documents:

(i) Approving Opinion. Approving opinion of Special Counsel dated the Closing Date and substantially in the form included as Appendix D to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion addressed to the District may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(ii) Supplemental Opinion. A supplemental opinion or opinions of Special Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the Closing Date substantially to the following effect:

(A) The Purchase Contract has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, is a valid and binding agreement of the District enforceable in accordance with its terms, except that the rights and obligations under the Purchase Contract are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State; and

(B) The statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE 2020 CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 CERTIFICATES AND THE 2020 BONDS," "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES," and "TAX MATTERS," and in Appendices B and D, insofar as such statements purport to summarize certain provisions of the Certificates, the Corporation Documents, the District Documents, State law and Special Counsel's opinions concerning certain federal tax matters relating to the Certificates, present a fair and accurate summary of such provisions.

(iii) District Counsel Opinion. An opinion of Brian D. Poulsen Jr., Esq., acting general counsel to the District, dated the Closing Date and

addressed to the Underwriter, in form and substance acceptable to the Underwriter substantially to the following effect:

(A) The District is an irrigation district duly organized and validly existing under the constitution and the laws of the State;

(B) The District Documents have been duly authorized, executed and delivered by the District and, assuming the validity thereof against the other parties thereto, constitute the valid, legal and binding agreements of the District enforceable against the District in accordance with their respective terms, and the District has full right, power and authority to carry out and consummate all transactions contemplated by the District Documents as of the date of the Official Statement and as of the date of Closing;

(C) Except for (A) [the Pre-Existing Indebtedness], which is secured by a lien on the Revenues superior to the lien of the Installment Payments and (B) the the 2016 Installment Purchase Agreement, the 2012A Bonds, [the 2012B Bonds,] the 2014 Bonds, the 2016A Bonds, the 2016B Bonds, the 2016C Bonds, the 2020B/C Bonds [and the DPH Contract,] which are secured by a lien on the Revenues on a parity with the lien of the Installment Payments, the District does not and will not at the time of the Closing have outstanding any other indebtedness which indebtedness is secured by a lien on the Revenues superior to or on a parity with the lien of the Installment Payments on the Revenues.

(D) The Resolutions of the District approving and authorizing the execution and delivery of the District Documents, and approving the Official Statement, have been duly adopted at meetings of the governing body of the District, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Resolutions are in full force and effect and have not been modified, amended or rescinded;

(E) To the best of his knowledge, the execution and delivery of the District Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not, in any respect which will have a material adverse impact on the transactions contemplated by the District Documents conflict with, or constitute, or with the giving of notice or the passage of time would constitute, on the part of the District a breach of or default under, any material agreement or other instrument to which the District is a party or by which it is bound or any existing law, administrative rule, regulation, order, decree, judgment, license or permit to which the District is subject (excluding, however, any

opinion as to compliance with any applicable federal securities laws); or by which the District or any of its property is bound;

(F) The Official Statement has been prepared by, or on behalf of, the District under the supervision of the District's General Manager, and executed on its behalf by authorized officers of the District;

(G) Based on the information made available in his role as general counsel to the District, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained therein, the information in the Official Statement under the captions "THE EL DORADO IRRIGATION DISTRICT" and "LITIGATION" is true and accurate to the best of such counsel's knowledge at and as of the date of the Official Statement and at and as of the date of the Closing;

(H) No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for the District to enter into the District Documents or to perform its obligations thereunder;

(I) Based on information made available to such counsel in his role as acting general counsel to the District, he knows of no litigation, proceeding, action, suit, or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending or, to such counsel's best knowledge, threatened, against the District challenging the creation, organization or existence of the District, or the validity of the District Documents or seeking to restrain or enjoin the payment of debt service on the Certificates or in any way contesting or affecting the validity of the District Documents or any of the transactions referred to therein or contemplated thereby or contesting the authority of the District to enter into or perform its obligations under any of the District Documents, or under which a determination adverse to the District would have a material adverse effect upon the financial condition or the revenues of the District, or which, in any manner, questions or affects the right or ability of the District to enter into the District Documents or affects in any manner the right or ability of the District to make the Installment Payments; and

(J) Based on the information made available to him in his role as acting general counsel to the District, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements

contained in the Official Statement, nothing has come to such counsel's attention which would lead him to believe that the Official Statement as of its date and as of the date of Closing (excluding therefrom the financial and statistical data and forecasts and DTC and its book-entry system included therein, as to which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iv) Corporation Counsel Opinion. An opinion of Brian D. Poulsen Jr., Esq., acting counsel to the Corporation, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to the Underwriter substantially to the following effect:

(A) The Corporation is a nonprofit public benefit corporation, duly created and lawfully existing under the laws and Constitution of the State;

(B) The Trust Agreement, the Installment Purchase Agreement and the Assignment Agreement (collectively, the "Corporation Documents") have been authorized or acknowledged, as the case may be, by all necessary corporate action on the part of the Corporation, have been duly executed and delivered by the Corporation and, assuming due authorization, execution and delivery by the other parties thereto, the Corporation Documents constitute legally valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles relating to or limiting creditors' rights generally or by the exercise of judicial discretion in appropriate cases or by limitations or legal remedies against public agencies in the State, and expressing no opinion as to the availability of equitable remedies; and

(C) To the best of such counsel's knowledge after due inquiry, execution and delivery or acknowledgment of the Corporation Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with any existing law, regulation, court order or consent decree to which the Corporation is subject or constitute on the part of the Corporation a breach of or default under any agreement or other instrument to which the Corporation is a party or by which it is bound.

(v) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the District and the Underwriter, to the effect that:

(A) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full corporate power to undertake the trust created under the Trust Agreement and to enter into the Assignment Agreement (together, the “Trustee Documents”);

(B) The Trustee Documents have been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, the Trustee Documents constitute valid and binding obligations of the Trustee enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) The Trustee has duly executed and delivered the Certificates upon the order of the District;

(D) The Trustee’s actions in executing and delivering the Trustee Documents are in full compliance with, and do not conflict with any applicable law or governmental regulation and, to the best of such counsel’s knowledge, after reasonable inquiry with respect thereto, do not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound; and

(E) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trust that has not been obtained is or will be required for the execution and delivery of the Certificates or the consummation by the Trustee of its obligations under the Trustee Documents.

(vi) Underwriter’s Counsel Opinion. An opinion of Gilmore & Bell, P.C., Salt Lake City, Utah counsel to the Underwriter (“Underwriter’s Counsel”), dated the date of the Closing and addressed to the Underwriter to the effect that:

(A) Such counsel is of the opinion that the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(B) While such counsel has not verified and is not passing upon and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official

Statement, such counsel has participated in conferences with representatives of and counsel for the District and Special Counsel and representatives of the Underwriter at which the contents of the Official Statement were discussed and revised. Based on such counsel's representation of the Underwriter in connection with the issuance of the Certificates, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement contained as of its date or as of the date of the Closing contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except that no opinion or belief is expressed as to (i) the expressions of opinion, the assumptions, the projections, the financial statements, or other financial, numerical, economic, demographic or statistical data contained in the Official Statement, (ii) the information with respect to DTC and its book-entry system, and (iii) the information contained in [Appendix A, Appendix D, Appendix E, or Appendix F] to the Official Statement); and

(C) The provisions of the Continuing Disclosure Certificate comply with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

(vii) District Certificate. A certificate of the District, dated the date of the Closing, signed on behalf of the District by the General Manager or other duly authorized officer of the District to the effect that:

(A) The representations, warranties and covenants of the District contained in the Purchase Contract are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the District has complied with all of the terms and conditions of the Purchase Contract required to be complied with by the District at or prior to the date of the Closing;

(B) No event affecting the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system); and

(C) No event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute an event of default under the District Documents.

(viii) Corporation Certificate. A certificate of the Corporation, dated the date of the Closing, signed on behalf of the Corporation by a duly authorized officer of the Corporation to the effect that:

(A) The Corporation has complied with all of the terms and conditions of the Purchase Contract required to be complied with by the Corporation at or prior to the date of the closing;

(B) No event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute an event of default under the Corporation Documents;

(C) The Corporation is a nonprofit public benefit corporation duly organized and existing under the Constitution and laws of the State, with full right, power and authority to execute, deliver and perform its obligations under the Corporation Documents and to carry out and consummate the transactions contemplated by the Corporation Documents and the Official Statement;

(D) By all necessary official action of the Corporation, the Corporation has duly authorized and approved the execution and delivery of, and the performance by the Corporation of the obligations contained or described in the Corporation Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, each Corporation Document will constitute the legally valid and binding obligation of the Corporation enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws or equitable principles relating to or affecting creditors' rights generally or by the exercise of judicial discretion in appropriate cases or by limitations on legal remedies against public agencies in the State;

(E) The Corporation is not, in any manner which would materially adversely affect the transactions contemplated by the Corporation Documents, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would materially adversely affect the transactions contemplated by

the Corporation Documents, a default or event of default under any such instruments; and, as of such time, the authorization, execution and delivery of the Corporation Documents and compliance with the provisions of each of such agreements or instruments do not in any manner which would materially adversely affect the transactions contemplated by the Corporation Documents, conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Corporation (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Corporation Documents;

(F) As of the time of acceptance hereof no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best knowledge of the Corporation after due investigation, threatened (A) in any way questioning the corporate existence of the Corporation or the titles of the officers of the Corporation to their respective offices or (B) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Certificates, or in any way contesting or affecting the validity of the Certificates or the Corporation Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest component of Installment Payments from gross income for federal income tax purposes or contesting the powers of the Corporation to enter into the Corporation Documents;

(G) The Corporation will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (A) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (B) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Certificates; provided, however, that the Corporation shall not be required to execute a general or special consent to service of process or qualify to do business in

connection with any such qualification or determination in any jurisdiction;

(H) All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Corporation of its obligations in connection with the Corporation Documents or the acquisition of the 2020 Project have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates; and

(I) Any certificate signed by any official of the Corporation and delivered to the Underwriter shall be deemed to be a representation and warranty by the Corporation to the Underwriter as to the statements made therein.

(ix) Trustee's Certificate. A certificate, dated the date of the Closing, signed by a duly authorized official of the Trustee satisfactory in form and substance to the Underwriter, to the effect that:

(A) The Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Trustee Documents;

(B) The Trustee is duly authorized to enter into the Trustee Documents and has duly executed and delivered the Trustee Documents, and assuming due authorization and execution by the other parties thereto, the Trustee Documents are legal, valid and binding upon the Trustee, and enforceable against the Trustee in accordance with their respective terms;

(C) The Trustee has duly executed the Certificates and delivered the Certificates to or upon the order of the Underwriter; and

(D) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the execution and delivery of the Certificates or the consummation by the Trustee of its obligations under the Trustee Documents.

(x) Transcripts. Two transcripts of all proceedings relating to the authorization, execution and delivery of the Certificates.

(xi) Official Statement. The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the District by duly authorized officers of the District.

(xii) Documents. An original executed copy of each of the Corporation Documents and the District Documents.

(xiii) District Resolution. Certified copies of the Resolutions, certified by the District Clerk.

(xiv) Corporation Resolution. Certified copies of the Corporation Resolutions, certified by the Secretary or Assistant Secretary of the Corporation.

(xv) Trustee Resolution. Two certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers and employees of the Trustee, which resolution authorizes the execution and delivery of the Trustee Documents.

(xvi) 15c2-12 Certificate of the District. A certificate of the District “deeming final” the Preliminary Official Statement for purposes of Rule 15c2-12.

(xvii) 8038-G. Evidence that federal tax information forms 8038-G relating to the Certificates have been prepared for filing.

(xviii) Tax Certificate. A tax certificate relating to the Certificates in form satisfactory to Special Counsel.

(xix) CDIAC Statements. A copy of the Notices of Sale required to be delivered to the California Debt and Investment Advisory Commission (“CDIAC”) pursuant to Sections 8855(g) and 53583 of the California Government Code.

(xx) Ratings. Evidence from S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) and from Moody’s Investors Service, Inc. (“Moody’s”) that the Certificates have been assigned ratings of “_____” and “_____,” respectively.

(xxi) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate.

(xxii) Additional Documents. Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

If the District or the Corporation shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter, the District, nor the Corporation shall be under further obligation hereunder, except as further set forth in Section 10 hereof.

10. Expenses. The Underwriter shall be under no obligation to pay and the District shall pay or cause to be paid the expenses incident to the performance of the obligations of the District hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the District Documents and the Corporation Documents and the cost of preparing, printing, issuing and delivering the Certificates; (b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the District; (c) the fees and disbursements of Special Counsel and Counsel to the District; (d) the fees and disbursements of the rating agencies; (e) the cost of printing and distributing the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing and distributing the Official Statement and any supplements and amendments thereto, including a reasonable number of copies thereof for distribution by the Underwriter; (f) expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the District's officers or employees which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of those officers or employees; (g) CUSIP Service Bureau fees and charges; and (h) Trustee fees. In addition, the District shall reimburse the Underwriter for amounts paid to CDIAC in connection with the issuance of the Certificates.

The Underwriter shall pay and the District shall be under no obligation to pay all expenses incurred by it in connection with the public offering and distribution of the Certificates, including any advertising expenses, and the Underwriter shall pay any costs and expenses incurred in connection with the preparation and distribution of any Blue Sky surveys or any legal investment memoranda and the costs and fees of counsel to the Underwriter.

11. Notice. Any notice or other communication to be given to the Corporation or the District under this Purchase Contract may be given by delivering the same in writing to El Dorado Irrigation District, 2890 Mosquito Road, Placerville, California 95667, Attention: General Manager.

Any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Citigroup Global Markets Inc., 444 South Flower Street, 27th Floor, Los Angeles, California 90071; Attention: Cameron Parks, Director.

12. Entire Agreement. This Purchase Contract, when accepted by the District, shall constitute the entire agreement between the District and the Underwriter with respect to the subject matter hereof and is made solely for the benefit of the District and the Underwriter (including the successors of the Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All of the District's

representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect except as otherwise provided herein, regardless of any investigations made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Certificates.

13. No Advisory or Fiduciary Role. The District acknowledges and agrees that (i) the purchase and sale of the Certificates pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of the District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters) and the Underwriter has no obligation to the District with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, (iv) the Underwriter is not acting as municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), and (v) the District has consulted its own legal, financial and other advisors to the extent they deemed appropriate in connection with the offering of the Certificates.

14. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

15. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

16. STATE LAW GOVERNS. THE VALIDITY, INTERPRETATION AND PERFORMANCE OF THIS PURCHASE CONTRACT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

17. No Assignment. The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter or the District without the prior written consent of the other party hereto.

CITIGROUP GLOBAL MARKETS INC.

By: _____
Managing Director

Accepted as of the date
first stated above:

EL DORADO IRRIGATION DISTRICT

By: _____
General Manager

Acknowledged:

EL DORADO IRRIGATION DISTRICT
FINANCING CORPORATION

By: _____
Chief Financial Officer

EXHIBIT A

EL DORADO IRRIGATION DISTRICT

\$_____ REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020C

Maturity Date (<u>March 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>
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EXHIBIT B

ISSUE PRICE CERTIFICATE

EL DORADO IRRIGATION DISTRICT

\$_____ REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020C

The undersigned, on behalf of Citigroup Global Markets Inc. (the “Underwriter”), hereby certifies as set forth below with respect to the sale and delivery of the above-captioned securities (the “Certificates”).

The Underwriter and the El Dorado Irrigation District (the “District”), have executed, and the El Dorado Irrigation District Financing Corporation has acknowledged, a Purchase Contract (the “Purchase Contract”), in connection with the Certificates on [_____], 2020, (the “Sale Date”). The Underwriter has not modified the Purchase Contract since its execution on the Sale Date.

1. ***Sale of the Certificates.*** (a) As of the Sale Date, for each Maturity of the General Rule Securities, the first price at which at least 10% of such Maturity of the General Rule Securities was sold to the Public is the respective price listed in Schedule A.

[(b) Initial Offering Price of the Hold-the-Offering-Price Maturities.

The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Hold-the-Offering-Price Maturities is attached to this certificate as Schedule B.

As set forth in the Purchase Contract, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Underwriter would neither offer nor sell any of the unsold Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.]

2. ***Defined Terms.***

Issuer means the El Dorado Irrigation District.

General Rule Maturities means those Maturities of the Certificates listed in Schedule A hereto as the “*General Rule Maturities*.”

[*Hold-the-Offering-Price Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “*Hold-the-Offering-Price Maturities*.”]

[*Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2020), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

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

Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public).

3. ***Disclaimer.***

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “*Code*”) and we make no warranty regarding the sufficiency of the foregoing representations for purposes of such provisions of the Code. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the

Certificates, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with rendering its opinion that the portion of each Installment Payment constituting interest with respect to the Certificates is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Certificates. Notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law.

**CITIGROUP GLOBAL MARKETS
INC., as Underwriter**

By: _____
Name: _____
Title: _____

Dated: _____, 2020.

To Be Attached:

SCHEDULE A — Sale Prices
SCHEDULE B — Final Pricing Wire



Authorization to Issue Debt Securities

El Dorado Irrigation District Financing Corporation

May 26, 2020

Previous Board Actions

- **October 2003**
 - Accepted Articles of Incorporation and Bylaws
 - Elected President and Vice President
 - Appointed Secretary
 - Appointed Chief Financial Officer
 - Authorized 2003A and 2003B Certificates of Participation (COPs)
- **August 2004**
 - Authorized 2004A and 2004B COPs
- **April 2008**
 - Approved issuance of VRDOs to replace ARS
- **October 2008**
 - Authorized issuance of 2008 COPs
 - Issued 2009
- **February 2010**
 - Authorized issuance of 2010 Refunding Revenue Bonds

Previous Board Actions

- September 2014
 - Adopted resolution of intent to issue debt to fund capital improvement projects
- October 2014
 - Adopted amending resolution of intent to include Esmeralda Tunnel repair in projects eligible for debt funding
- June 2016
 - Authorized issuance of 2016B Refunding Revenue Bonds

Summary of Issue

- Debt issue needed to fund certain long-lived assets within the 2020-2024 CIP
 - Folsom Lake Intake Improvements Project
 - Main Ditch Piping Project
 - Several flume replacements





Staff Analysis

- Current considerations
 - Issue not to exceed \$70 million
 - Current Market conditions indicate bond premium will generate the balance of funds needed to fund \$75 million in projects
 - Balance of funds will go to fund ongoing construction costs of listed projects
 - Size of issue in bond resolution allows flexibility to sell bonds at par or with a premium



Staff Analysis

- The issuance process
 - Issuance documents that involve EID Financing Corporation
 - Good Faith Estimates
 - Installment purchase agreement
 - Assignment agreement
 - Trust agreement
 - Preliminary Official Statement
 - Purchase Contract



Staff Analysis

Documents

- Good Faith Estimates
- Installment purchase agreement
 - EID and EID Financing Corporation
- Assignment agreement
 - MUFG Union Bank (Union Bank) and EID Financing Corporation
 - Rights to payments transferred to trustee
- Trust agreement
 - EID, EID Financing Corp and Union Bank (trustee)
 - Union Bank receives payments and disburses to bondholders



Staff Analysis

Documents

- Preliminary Official Statement
 - Describes all relevant details of the participants, the issue, outstanding debt of the District and purpose of the issue
- Purchase Contract
 - Agreement between the District and Citigroup will memorialize the principal amounts and interest rate on the 2020A bonds upon sale and prior to closing.




Staff analysis

- Financing Corporation resolution
 - Authorizes sale and delivery of COPs not to exceed \$70 million
 - Approve documents for the sale and delivery of 2020A COPs
 - Authorizes execution and delivery of remaining documents



Board options

- Option 1: Adopt Resolution authorizing the execution and delivery of not to exceed \$70,000,000 aggregate principal revenue certificates of participation and approving the execution and delivery of certain documents in connection therewith and certain other matters.
 - Option 2: Take other action as directed by the Board.
 - Option 3: Take no action.
- 

Staff/General Manager's Recommendation

- Option 1

