



AGENDA

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Thursday, July 16, 2020 — 4:00 P.M.

Board of Directors

George Osborne—Division 1
President

Pat Dwyer—Division 2
Vice President

Michael Raffety—Division 3
Director

Lori Anzini—Division 4
Director

Alan Day—Division 5
Director

Executive Staff

Jim Abercrombie
General Manager

Brian D. Poulsen, Jr.
General Counsel

Jennifer Sullivan
Clerk to the Board

Jesse Saich
Communications

Brian Mueller
Engineering

Mark Price
Finance

Jose Perez
Human Resources

Tim Ranstrom
Information Technology

Dan Corcoran
Operations

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.

AMERICANS WITH DISABILITIES ACT: In accordance with the Americans with Disabilities Act (ADA) and California law, it is the policy of 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 email 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.

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) in order to prevent gatherings and slow the spread of COVID-19. 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.

As a result of the Governor's orders, and in order to protect the health and safety of District staff and the public, the General Manager closed District facilities to the public, including the headquarters facility, in March. With sectors of the economy reopening for public business, the General Manager opened the District headquarters building for customer service on June 1, 2020. Because public gatherings remain prohibited under the Governor's Executive Orders, Board Meetings will continue to be closed to in-person attendance by the public and conducted virtually for the time being. 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
Pledge of Allegiance
Moment of Silence

ADOPT AGENDA

PUBLIC COMMENT

ACTION ITEMS

1. Finance (Price)

Consideration to adopt a resolution authorizing the issuance of not to exceed \$185,000,000 aggregate principal amount refunding revenue bonds in one or more series and reapproving the execution and delivery of certain documents in connection therewith and certain other matters.

Option 1: Adopt a resolution authorizing the issuance of not to exceed \$185,000,000 aggregate principal amount refunding revenue bonds in one or more series and reapproving 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.

REVIEW OF ASSIGNMENTS

ADJOURNMENT

TENTATIVELY SCHEDULED ITEMS FOR FUTURE MEETINGS

Engineering

- Flume 30 Mitigated Negative Declaration, Public Hearing, August 10 (Baron)
- Hydrologic modeling support contract for the Modification of Water Right Permit 21112, Action, August 10 (Deason)
- Pacific Tunnel inspection services contract, Consent, August 10 (Mutschler)
- El Dorado Main #2 Air Release Valves Upgrade construction contract, Action, August 10 (DeLongchamp)

Finance

- Auditing services contract extension with Hudson Henderson & Company, Inc. for one year to perform the fiscal year-end 2020 Financial Audit, Action, August 10 (Pasquarello)
- Adopt a resolution approving non-ad valorem charges, Consent, August 10 (Downey)

Human Resources

- Adopt updated 2020 Employee Handbook, Consent, August 10 (Perez)
- Adopt updated Employee Association Salary Schedule, Consent, August 10 (Perez)

Office of the General Counsel / Engineering

- First Amendment to Master Construction Responsibility and Reimbursement Agreement with El Dorado County, Consent, August 10 (Leeper/Dawson)

Operations

- Powerhouse Generator #1 Vibration Sensor Installation, Consent, August 10 (Gibson)
- Regional Water Authority general and water efficiency program memberships annual dues, Consent, August 10

EL DORADO IRRIGATION DISTRICT

SUBJECT: Consideration to adopt a resolution authorizing the issuance of not to exceed \$185,000,000 aggregate principal amount refunding revenue bonds in one or more series and reapproving the execution and delivery of certain documents in connection therewith and certain other matters.

PREVIOUS BOARD ACTION

December 9, 2019 – Board adopted the 2019-2020 Mid Cycle Operating Budget and 2020-2024 Financial Plan which included a bond sale to finance large long-lived assets.

May 26, 2020 – Board adopted resolutions authorizing the issuance of not to exceed \$70,000,000 aggregate principal amount of revenue certificates of participation, authorizing the execution and delivery of not to exceed \$160,000,000 aggregate principal amount refunding revenue bonds, and approving the execution and delivery of certain documents in connection therewith and certain other matters.

BOARD POLICIES (BP), ADMINISTRATIVE REGULATIONS (AR), AND BOARD AUTHORITY

BP 3050 Financial Condition and Activities

AR 3051 Budget Principles

SUMMARY OF ISSUE

On June 23, 2020, the District issued \$134,620,000 of refunding revenue bonds in order to refinance debt issued in 2014 and 2016 (2014A Bonds and 2016C Bonds). With the continued decrease in interest rates, all or a portion of the outstanding 2014A Bonds, 2016C Bonds, the Refunding Revenue Bonds, Series 2016A (the “2016A Bonds”) and the Revenue Certificates of Participation, Series 2016B (the “2016B Certificates”) may yield additional cash flow savings through refinance. Therefore, staff recommends that the Board authorize the issuance of not to exceed \$185,000,000 in additional refunding revenue bonds.

BACKGROUND/DISCUSSION

On May 26, 2020, the Board adopted Resolution 2020-009, which authorized the issuance of up to \$160,000,000 of refunding revenue bonds to refund all or a portion of the Refunding Revenue Bonds, Series 2014A (the “2014A Bonds”) and the Refunding Revenue Bonds, Series 2016C (collectively, the “Refundable Bonds”) and certain other outstanding obligations. On June 15, 2020, pursuant to Resolution 2020-009, the District issued \$134,620,000 of refunding revenue bonds (2020B and 2020C Bonds). The transactions ultimately resulted in a net present value savings of almost \$12 million for the District and its ratepayers.

The District’s bond transactions refinanced \$5.6 million of State Revolving Fund loans (2020B) with a premium of \$1.0 million, and \$112.8 million of previous debt with \$129.0 million in federally taxable refunding bonds (2020C), for a total of \$134,620,000 in bond proceeds. The results generated approximately \$21.5 million in debt service cash flow savings (Net Present Value (NPV) of \$11.8 million) through the refinancing of outstanding State loans and District bonds, including approximately \$1.4 million in debt service cash flow savings in each of the next 10 years and approximately \$700,000 in debt service cash flow savings in each of the following 10 years.

In addition to refinancing previous debt through the issuance of refunding revenue bonds, the District also issued certificates of participation in the amount of \$61.1 million (2020A) with a premium of \$14.2 million (raising a total of \$75 million in new debt) for current and future construction projects.

2020D Refunding Revenue Bonds

Since the District's bond issuance on June 23, 2020, market conditions have become increasingly favorable for the refinance of even more of the District's outstanding debt. The District currently has several bonds outstanding that have become available for refinancing since June of this year. With the prior bond sale having occurred only a month ago, most documents required for the additional bond refinancing needed little updating to allow staff to quickly move to the market place. As of July 10, 2020 approximately \$51,145,000 in bonds have been identified to be refunded. The District would net about \$3,600,000 million in net present value savings with an annual cash flow savings of about \$270,000.

Given the ongoing bond market volatility and potential for additional refunding beyond the July 10, 2020 estimate, staff proposes that the Board authorize the 2020D refunding revenue bonds in an amount not to exceed \$185,000,000 to refinance all or a portion of the remaining outstanding 2014A Bonds, 2016C Bonds, the Refunding Revenue Bonds, Series 2016A (the "2016A Bonds") and the Revenue Certificates of Participation, Series 2016B (the "2016B Certificates") for additional cash flow savings to the District.

The proceeds of the proposed 2020D Bonds will not come to the District. Instead, they will be held in an escrow account by the trustee for the owners of the outstanding bonds identified to be refinanced, fund one or more reserve funds, if required, and pay the costs of delivery of the Bonds.

Refunding Bonds 2020D documents

Proposed for the Board's consideration is a resolution that will: 1) authorize the debt issuance, including a cash reserve fund if determined more economic than purchasing a surety bond for deposit in the reserve fund; 2) reapprove the forms of Indenture of Trust, Continuing Disclosure Certificate, Escrow Agreement (2014A), Escrow Agreement (2016C) and Purchase Contract attached to the Prior Resolution; 3) authorize the preparation and distribution of a preliminary official statement and final official statement in substantial form as approved by the Prior Resolution, 4) approve the execution and delivery of specific transaction documents; 5) allow the reapproved drafts and other transaction documents to undergo final revisions before the transaction closes; 6) authorize the General Manager to take various actions - such as obtaining bond insurance if necessary or desirable to complete the transaction; 7) appoint Union Banks the trustee under the Indenture of Trust with respect to the Bonds, and 8) acknowledge the new good faith estimates required by Section 5852.1 of the California Government Code.

BOARD OPTIONS

Option 1: Adopt a resolution authorizing the issuance of not to exceed \$185,000,000 aggregate principal amount refunding revenue bonds in one or more series and reapproving 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.

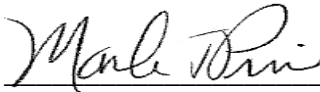
ATTACHMENTS

Attachment A: Proposed resolution for the Refunding Revenue Bonds Series 2020D with the following exhibits:

Exhibit A: Resolution 2020-009

- A. Indenture of Trust
- B. Preliminary Official Statement
- C. Continuing Disclosure Certificate
- D. Escrow Agreement 2012A
- E. Escrow Agreement 2012B
- F. Escrow Agreement 2014A
- G. Escrow Agreement 2016C
- H. Bond Purchase Agreement


Exhibit B: Good Faith Estimates



Mark Price
Finance Director



Brian Poulsen
General Counsel

 for

Jim Abercrombie
General Manager

RESOLUTION NO. 2020-__

RESOLUTION OF THE EL DORADO IRRIGATION DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$185,000,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING REVENUE BONDS IN ONE OR MORE SERIES AND REAPPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the El Dorado Irrigation District (the “District”), an irrigation district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “State”), proposes to undertake the refinancing of the acquisition of certain facilities; and

WHEREAS, pursuant to Resolution No. 2020-009 attached hereto as Exhibit A (the “Prior Resolution”) the Board of Directors of the District (the “Board”) has previously authorized the issuance of up to \$160,000,000 of refunding revenue bonds to refund all or a portion of the Refunding Revenue Bonds, Series 2014A (the “2014A Bonds”) and the Refunding Revenue Bonds, Series 2016C (the “2016C Bonds” and together with the 2014A Bonds, the “Refundable Bonds”) and certain other outstanding obligations; and

WHEREAS, on June 23, 2020, the District issued \$134,620,000 of revenue refunding bonds in accordance with the Prior Resolution, resulting in a remaining refunding authorization of \$25,380,000 (the “Remaining Refunding Authorization”);

WHEREAS, with the continued decrease in interest rates additional 2014A Bonds and 2016C Bonds and certain other outstanding obligations in an amount in excess of the Remaining Refunding Authorization may be refinanced for cash flow savings;

WHEREAS, the Board has determined to authorize the issuance of additional refunding revenue bonds (the “Bonds”) in an amount not to exceed \$185,000,000 to refinance all or a portion of the outstanding 2014A Bonds, 2016C Bonds, the Refunding Revenue Bonds, Series 2016A (the “2016A Bonds”) and the Revenue Certificates of Participation, Series 2016B (the “2016B Certificates”) for cash flow savings.

NOW, THEREFORE, the Board of Directors of the El Dorado Irrigation District does hereby resolve as follows:

1. The issuance, sale and delivery of the Bonds in one or more series, at one time, or from time to time, as determined by the Authorized Officers, in an aggregate principal amount not to exceed \$185,000,000 (except such amount may be increased with the approval of an Authorized Officer to provide for original issue discount to the extent such original issue discount will result in a lower interest rate or yield to maturity with respect to the Bonds) in accordance with the terms and provisions of the Indenture of Trust referred to below is hereby approved. The purposes for which the proceeds of the Bonds shall be expended are to refinance all or a portion of the Refundable Bonds, to fund one or more reserve funds, if required, and to pay the costs of delivery of the Bonds.

2. The forms of Indenture of Trust, Continuing Disclosure Certificate, Escrow Agreement (2014A), Escrow Agreement (2016C) and Purchase Contract attached to the Prior Resolution are hereby reapproved. Each of the President or Vice President of the Board or the General Manager or the written designee of any of the foregoing (each an “Authorized Officer” and together the “Authorized Officers”) is hereby individually reauthorized and redirected to execute and deliver such documents from time-to-time with respect to one or more series of Bonds with such changes, insertions and omissions as may be recommended by General Counsel or by the District’s bond counsel, Stradling Yocca Carlson & Rauth (“Bond Counsel”), and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

3. The preparation and distribution of a Preliminary Official Statement relating to each series of the Bonds, in substantially the form attached to the Prior Resolution, is hereby approved. Each Authorized Officer is individually reauthorized to make such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to each Preliminary Official Statement. Upon execution of such certificate, the underwriter referenced in the Purchase Contract is authorized to distribute a Preliminary Official Statement to potential purchasers of each series of Bonds. Each Authorized Officer is individually authorized and directed to execute, approve and deliver a final Official Statement for each series of Bonds, in the form of the Preliminary Official Statement with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, and approved by the officers executing the same, said execution being conclusive evidence of such approval. Such underwriter is directed to deliver copies of a final Official Statement to all actual purchasers of each series of Bonds.

4. MUFG Union Bank, N.A. is hereby appointed to act as trustee under the Indenture of Trust with respect to the Bonds.

5. The Authorized Officers, the Chief Financial Officer and Treasurer or the written designee of any of the foregoing and any other proper officer of the District, acting singly, is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture of Trust, the Purchase Contract, the Continuing Disclosure Certificate, the Preliminary Official Statement, the final Official Statement or the Escrow Agreements, including but not limited to escrow agreements with respect to the 2016A Bonds and the 2016B Certificates, if any are refunded.

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

7. The authorization in this Resolution of refunding bonds in the not to exceed amount of \$185,000,000 supersedes the Remaining Refunding Authorization in the Prior Resolution. All series of Bonds authorized may be issued within six months from the date of adoption of this Resolution. Each series of Bonds may be issued at different times. If any series of Bonds are not issued for the purposes set forth herein within six months of the date of adoption of this Resolution, the authorizations set forth herein as to such unissued series shall no longer be in force and effect.

8. The Authorized Officers are hereby authorized to prepare, execute and deliver a Preliminary Official Statement and a final Official Statement in connection with any series of Bonds

that are issued subsequent to the initial series issued pursuant to the authorization in this Resolution without further approval by the Board of Directors and with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, and approved by the officers executing the same, said execution being conclusive evidence of such approval.

9. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture of Trust unless the context otherwise clearly requires.

10. This resolution shall take effect immediately.

The foregoing Resolution was introduced at a special meeting of the Board of Directors of the EL DORADO IRRIGATION DISTRICT, held on the 16th day of July, 2020, by Director _____, who moved its adoption. The motion was seconded by Director _____, and a poll vote taken, which stood as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

The motion having a majority of votes “Aye,” the resolution was declared to have been adopted, and it was so ordered.

George Osborne
President, Board of Directors of
EL DORADO IRRIGATION DISTRICT

ATTEST:

Jennifer Sullivan
Clerk to the Board

(SEAL)

RESOLUTION NO. 2020-009

RESOLUTION OF THE EL DORADO IRRIGATION DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$160,000,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING REVENUE BONDS IN ONE OR MORE SERIES AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the El Dorado Irrigation District (the "District"), an irrigation district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State"), proposes to undertake the refinancing of the acquisition of certain facilities; and

WHEREAS, the Board of Directors of the District (the "Board") has previously caused Refunding Revenue Bonds, Series 2012A (the "2012A Bonds") and Series 2012B (Taxable) (the "2012B Bonds"), the Refunding Revenue Bonds, Series 2014A (the "2014A Bonds") and the Refunding Revenue Bonds, Series 2016C (the "2016C Bonds" and together with the 2012A Bonds, the 2012B Bonds and the 2014A Bonds, the "Refunded Bonds") to be issued to refinance certain capital improvements of the District; and

WHEREAS, the Board has previously caused certain loans with the State Water Resources Control Board and a Funding Agreement (Bass Lake Tanks) with the Department of Public Health of the State of California (each a "State Loan" and together, the "State Loans") to be executed and delivered to finance certain capital improvements of the District; and

WHEREAS, the Board has determined that, given that fixed interest rates remain at or near historic lows, it is in the best interest of the residents and ratepayers in the District to issue one or more series of refunding revenue bonds (the "Bonds") to refinance all or a portion of the Refunded Bonds and all or a portion of the State Loans for interest rate savings;

NOW, THEREFORE, the Board of Directors of the El Dorado Irrigation District does hereby resolve as follows:

1. A form of Indenture of Trust, in substantially the form attached hereto as Exhibit A is hereby approved. Each of the President or Vice President of the Board or the General Manager or the written designee of any of the foregoing (each an "Authorized Officer" and together the "Authorized Officers") is hereby individually authorized and directed to execute and deliver an Indenture of Trust from time-to-time with respect to one or more series of Bonds with such changes, insertions and omissions as may be recommended by General Counsel or by the District's bond counsel, Stradling Yocca Carlson & Rauth ("Bond Counsel"), and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

2. The issuance, sale and delivery of the Bonds in one or more series, at one time, or from time to time, as determined by the Authorized Officers, in an aggregate principal amount not to exceed \$160,000,000 (except such amount may be increased with the approval of an Authorized Officer to provide for original issue discount to the extent such original issue discount will result in a lower interest rate or yield to maturity with respect to the Bonds) in accordance with the terms and provisions

of the Indenture of Trust is hereby approved. The purposes for which the proceeds of the Bonds shall be expended are to refinance the Refunded Bonds, to refinance the State Loans, to fund one or more reserve funds, if required, and to pay the costs of delivery of the Bonds.

3. The preparation and distribution of a Preliminary Official Statement relating to each series of the Bonds, in substantially the form attached hereto as Exhibit B, is hereby approved. Each Authorized Officer is individually authorized to make such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to each Preliminary Official Statement. Upon execution of such certificate, the underwriter referenced below is authorized to distribute a Preliminary Official Statement to potential purchasers of each series of Bonds. Each Authorized Officer is individually authorized and directed to execute, approve and deliver a final Official Statement for each series of Bonds, in the form of the Preliminary Official Statement with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, and approved by the officers executing the same, said execution being conclusive evidence of such approval. Such underwriter is directed to deliver copies of a final Official Statement to all actual purchasers of each series of Bonds.

4. A form of Continuing Disclosure Certificate relating to Bonds, in substantially the form attached hereto as Exhibit C is hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver one or more Continuing Disclosure Certificates from-time-to-time for each series of Bonds with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

5. The Escrow Agreement (2012A) with respect to the 2012A Bonds, the Escrow Agreement (2012B) with respect to the 2012B Bonds, the Escrow Agreement (2014A) with respect to the 2014A Bonds and the Escrow Agreement (2016C Bonds) with respect to the 2016C Bonds, in substantially the forms attached hereto as Exhibit D, Exhibit E, Exhibit F and Exhibit G (collectively, the "Escrow Agreements") are hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver the Escrow Agreements with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval.

6. Each of the Authorized Officers is hereby authorized to take such actions and execute and deliver such documents as necessary to refinance all or a portion of any of the State Loans, if such Authorized Officers determine that such refinancing will provide interest rate savings to the District.

7. A form of Purchase Contract relating to the Bonds with Citigroup Global Markets Inc., as underwriter, in substantially the form attached hereto as Exhibit H is hereby approved. Each Authorized Officer is individually authorized and directed to execute and deliver one or more Purchase Contracts for the Bonds with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, and approved by such Authorized Officer executing the same, said execution being conclusive evidence of such approval; provided however, that the underwriting discount shall not exceed 0.35 of 1%.

8. MUFG Union Bank, N.A. is hereby appointed to act as trustee under the Indenture of Trust with respect to the Bonds.

9. The Board hereby authorizes the Authorized Officers, acting singly, to select a municipal bond insurer to insure payments of interest with respect to and principal of all or a portion of a series of the Bonds so long as the Authorized Officer determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity with respect to such Bonds. Bond Counsel is hereby directed to make all changes to the Indenture of Trust, the Purchase Contract, the Continuing Disclosure Certificate, the Preliminary Official Statement, the final Official Statement, the Escrow Agreements and other related documents as are necessary to reflect the selection of such municipal bond insurer and the reasonable comments thereof.

10. The Board hereby authorizes the Authorized Officers, acting singly, to select a municipal bond insurer to provide a reserve fund surety bond to be deposited into the reserve fund for a series of the Bonds, so long as the Authorized Officer determines that obtaining the reserve fund surety will be cost effective to the District. Each Authorized Officer is hereby authorized to execute and deliver any customary agreement with the municipal bond insurer providing the reserve fund surety bond. Bond Counsel is hereby directed to make all changes to the Indenture of Trust, the Purchase Contract, the Continuing Disclosure Certificate, the Preliminary Official Statement, the final Official Statement, the Escrow Agreements and other related documents as are necessary to reflect the selection of such municipal bond insurer and the reasonable comments thereof.

11. The Authorized Officers, the Chief Financial Officer and Treasurer or the written designee of any of the foregoing and any other proper officer of the District, acting singly, is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture of Trust, the Purchase Contract, the Continuing Disclosure Certificate, the Preliminary Official Statement, the final Official Statement or the Escrow Agreements or to refinance the State Loans.

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

13. All series of Bonds authorized may be issued within six months from the date of adoption of this Resolution. Each series of Bonds may be issued at different times. If any series of Bonds are not issued for the purposes set forth herein within six months of the date of adoption of this Resolution, the authorizations set forth herein as to such unissued series shall no longer be in force and effect.

14. The Authorized Officers are hereby authorized to prepare, execute and deliver a Preliminary Official Statement and a final Official Statement in connection with any series of Bonds that are issued subsequent to the initial series issued pursuant to the authorization in this Resolution without further approval by the Board of Directors and with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, and approved by the officers executing the same, said execution being conclusive evidence of such approval.

15. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture of Trust unless the context otherwise clearly requires.

16. This resolution shall take effect immediately.

The foregoing Resolution was introduced at a meeting of the Board of Directors of the EL DORADO IRRIGATION DISTRICT, held on the 26th day of May, 2020, by Director Dwyer, who moved its adoption. The motion was seconded by Director Anzini, and a poll vote taken, which stood as follows:

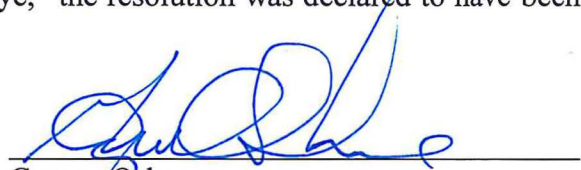
AYES: Directors Dwyer, Anzini, Osborne and Raffety

NOES: Director Day

ABSENT:


ABSTAIN:

The motion having a majority of votes "Aye," the resolution was declared to have been adopted, and it was so ordered.



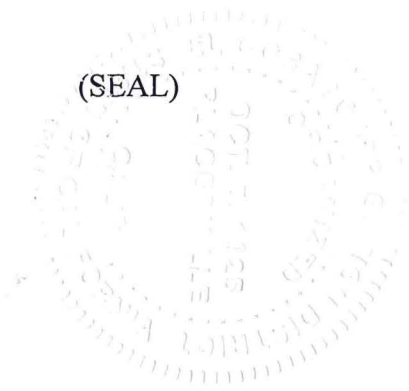
George Osborne
President, Board of Directors of
EL DORADO IRRIGATION DISTRICT

ATTEST:



Jennifer Sullivan
Clerk to the Board

(SEAL)



INDENTURE OF TRUST

Dated as of June 1, 2020

By and between

**MUFG UNION BANK, N.A.,
as Trustee**

and the

EL DORADO IRRIGATION DISTRICT

Relating to

**EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2020B AND
TAXABLE SERIES 2020C**

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01	Definitions	2
Section 1.02	Content of Certificates and Opinions	17
Section 1.03	Interpretation.....	17

ARTICLE II

THE 2020 BONDS

Section 2.01	Authorization of 2020 Bonds.....	18
Section 2.02	Terms of the 2020 Bonds.....	18
Section 2.03	Transfer of 2020 Bonds	19
Section 2.04	Exchange of 2020 Bonds	19
Section 2.05	Registration Books.....	19
Section 2.06	Form and Execution of 2020 Bonds	19
Section 2.07	2020 Bonds Mutilated, Lost, Destroyed or Stolen.....	20
Section 2.08	Book Entry System	20

ARTICLE III

ISSUANCE OF 2020 BONDS; APPLICATION OF PROCEEDS

Section 3.01	Issuance of the 2020 Bonds	23
Section 3.02	Application of Proceeds of the 2020 Bonds and Certain Other Moneys.....	23
Section 3.03	Establishment and Application of Costs of Issuance Fund.....	24
Section 3.04	Validity of 2020 Bonds.....	24

ARTICLE IV

REDEMPTION OF 2020 BONDS

Section 4.01	Terms of Redemption	24
Section 4.02	Selection of 2020 Bonds for Redemption.....	24
Section 4.03	Notice of Redemption.....	25
Section 4.04	Partial Redemption of 2020 Bonds	26
Section 4.05	Effect of Redemption.....	26

ARTICLE V

REVENUES, FUNDS AND ACCOUNTS;
PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01	Pledge and Assignment; Revenue Fund	26
Section 5.02	Application of Payment Fund.....	27
Section 5.03	Application of Interest Account.....	28

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 5.04	Application of Principal Account 28
Section 5.05	Application of Redemption Fund 28
Section 5.06	Investments 29
Section 5.07	Rebate Fund 30
Section 5.08	Application of Funds and Accounts When No 2020B Bonds are Outstanding 31
Section 5.09	Reserved 31
Section 5.10	Additional Contracts and Bonds 31

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01	Compliance with Indenture..... 32
Section 6.02	Budgets 32
Section 6.03	Payment of Taxes and Compliance with Governmental Regulations 33
Section 6.04	Observance of Laws and Regulations..... 33
Section 6.05	Eminent Domain Proceeds 33
Section 6.06	Against Sale or Other Disposition of Property 34
Section 6.07	Against Competitive Facilities 34
Section 6.08	Maintenance and Operation of the Water System and Wastewater System 34
Section 6.09	Payment of Claims..... 34
Section 6.10	Compliance with Contracts..... 34
Section 6.11	Insurance..... 34
Section 6.12	Amount of Rates and Charges 35
Section 6.13	Collection of Rates and Charges..... 36
Section 6.14	Enforcement of Contracts 36
Section 6.15	Continuing Disclosure 36
Section 6.16	Compliance with U.S. Bureau of Reclamation Contract..... 36
Section 6.17	Punctual Payment 36
Section 6.18	Extension of Payment of 2020 Bonds 37
Section 6.19	Against Encumbrances 37
Section 6.20	Power to Issue 2020 Bonds and Make Pledge and Assignment..... 37
Section 6.21	Accounting Records and Financial Statements 37
Section 6.22	Waiver of Laws..... 37
Section 6.23	Further Assurances 37
Section 6.24	Prosecution and Defense of Suits 38
Section 6.25	Tax Covenants 38

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF 2020 BOND OWNERS

Section 7.01	Events of Default 39
Section 7.02	Remedies Upon Event of Default 40
Section 7.03	Application of Revenues and Other Funds After Default..... 40
Section 7.04	Trustee to Represent 2020 Bond Owners 41
Section 7.05	2020 Bond Owners' Direction of Proceedings 41
Section 7.06	Suit by Owners 42

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 7.07	Absolute Obligation of the District..... 42
Section 7.08	Remedies Not Exclusive..... 42
Section 7.09	No Waiver of Default 42

ARTICLE VIII

THE TRUSTEE

Section 8.01	Duties, Immunities and Liabilities of Trustee 43
Section 8.02	Merger or Consolidation..... 44
Section 8.03	Liability of Trustee 44
Section 8.04	Right to Rely on Documents..... 46
Section 8.05	Preservation and Inspection of Documents 47
Section 8.06	Compensation and Indemnification 47

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01	Amendments Permitted 48
Section 9.02	Effect of Supplemental Indenture 49
Section 9.03	Endorsement of 2020 Bonds; Preparation of New 2020 Bonds 49
Section 9.04	Amendment of Particular 2020 Bonds 49

ARTICLE X

DEFEASANCE

Section 10.01	Discharge of Indenture 49
Section 10.02	Discharge of Liability on 2020 Bonds..... 50
Section 10.03	Deposit of Money or Securities with Trustee 50
Section 10.04	Payment of 2020 Bonds After Discharge of Indenture..... 51

ARTICLE XI

MISCELLANEOUS

Section 11.01	Liability Limited..... 51
Section 11.02	Successor Is Deemed Included in All References to Predecessor 52
Section 11.03	Limitation of Rights to Parties and 2020 Bond Owners..... 52
Section 11.04	Waiver of Notice; Requirement of Mailed Notice..... 52
Section 11.05	Disposal of 2020 Bonds..... 52
Section 11.06	Severability of Invalid Provisions 52
Section 11.07	Notices 52
Section 11.08	Evidence of Rights of 2020 Bond Owners 53
Section 11.09	Disqualified 2020 Bonds 53
Section 11.10	Money Held for Particular 2020 Bonds..... 53
Section 11.11	Funds and Accounts..... 54

TABLE OF CONTENTS
(continued)

	<i>Page</i>
Section 11.12	Waiver of Personal Liability..... 54
Section 11.13	Execution in Several Counterparts and Electronic Signing..... 54
Section 11.14	CUSIP Numbers 54
Section 11.15	Choice of Law..... 54
Section 11.16	U.S.A. Patriot Act..... 54
Signatures S-1
Exhibit A	Form of 2020 Bond..... A-1
Exhibit B	Certificate of General Manager – Series 2020B..... B-1
Exhibit C	Certificate of General Manager – Series 2020C..... C-1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into and dated as of June 1, 2020 (the “Indenture”), 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 MUFG UNION BANK, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee hereunder (the “Trustee”);

WITNESSETH:

WHEREAS, the District has determined that it is in the best interest of the public to refund certain outstanding obligations previously issued or incurred by or on behalf of the District; and

WHEREAS, the District is authorized by Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including but not limited to Section 53583, to issue bonds for the purpose of refunding any evidences of indebtedness of the District; and

WHEREAS, in order to provide for the authentication and delivery of refunding revenue bonds (the “2020 Bonds”), to establish and declare the terms and conditions upon which such 2020 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the District has authorized the execution and delivery of the Indenture; and

WHEREAS, the District has determined that all acts and proceedings required by law necessary to make the 2020 Bonds, when executed by the District, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the District, and to constitute the Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH:

GRANTING CLAUSES

The District, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and acceptance of the 2020 Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all 2020 Bonds at any time issued and Outstanding under the Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, does hereby assign and pledge unto, and grant a security interest in, the following (the “Trust Estate”) to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the District to the 2020 Bond Owners hereinafter set forth:

GRANTING CLAUSE FIRST

All right, title and interest of the District in and to the Revenues (as defined herein), including, but without limiting the generality of the foregoing, the present and continuing right to

make claim for, collect, receive and receipt for any Revenues payable to or receivable by the District under the Constitution of the State, the Government Code of the State of California and the Indenture and any other applicable laws of the State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the District is or may become entitled to do thereunder, subject to the terms hereof.

GRANTING CLAUSE SECOND

All moneys and securities held in funds and accounts of the Indenture, except amounts held in the Rebate Fund, and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the District or by anyone on its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever for the benefit of the Owners and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the 2020 Bonds issued under and secured by the Indenture without privilege, priority or distinction as to the lien or otherwise of any of the 2020 Bonds over any of the other 2020 Bonds;

PROVIDED, HOWEVER, that if the District, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the 2020 Bonds due or to become due thereon, at the times and in the manner provided in the 2020 Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, the Indenture and the rights hereby granted shall cease, terminate and be void; otherwise the Indenture shall remain in full force and effect.

THE INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all 2020 Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the Revenues, hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the District has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the 2020 Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of the Indenture and of any indenture supplemental hereto and of

any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

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

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

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.

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

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

2020 Bonds. The term “2020 Bonds” means collectively, the 2020B Bonds and the 2020C Bonds issued hereunder.

2020 Installment Purchase Agreement. The term “2020 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 and as it may from time to time be amended or supplemented in accordance therewith.

2020B Bonds. The term “2020B Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds Series 2020B issued hereunder.

2020C Bonds. The term “2020C Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds Taxable Series 2020C issued hereunder.

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

Authorized Representative. The term “Authorized Representative” means, with respect to the District, its President, Vice President, Secretary, General Manager, Finance Director or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by its President, Vice President, Secretary, General Manager or Finance Director and filed with the Trustee.

Bond Counsel. The term “Bond Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bond Proceeds Fund. The term “Bond Proceeds Fund” means the fund by that name established pursuant to Section 3.02.

Bond Year. The term “Bond Year” will have the meaning set forth in the Tax Certificate.

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 2020 Bonds and which are secured by a pledge of and lien on Revenues as described in Section 5.01 hereof, including the 2014A Bonds, 2016A Bonds and 2016C 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.

“Calculation Agent” The term “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 institution that served as the underwriter for 2020C Bonds).

Certificate; Direction; Request; Requisition. The terms “Certificate,” “Direction,” “Request,” and “Requisition” of the District mean a written certificate, direction, request or requisition signed in the name of the District by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

Closing Date. The term “Closing Date” means the date on which the 2020 Bonds are delivered to the original purchaser thereof.

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

“Comparable Treasury Issue” The term “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” The term “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” The term “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 2020C 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 2020C Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2020C 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.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated the Closing Date of a series of 2020 Bonds, executed by 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 which are on a parity with the 2020 Bonds and which are secured by a pledge and lien on the Revenues as described in Section 5.01 hereof, including the 2016 Installment Purchase Agreement; the 2020 Installment Purchase Agreement; 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.

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, issuance, sale and delivery of the 2020 Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the 2020 Bonds and any other cost, charge or fee in connection with the original issuance of the 2020 Bonds.

Costs of Issuance Fund. The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03.

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 (and such Principal is not Excluded Principal), 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.

Defeasance Securities. The term “Defeasance Securities” means: (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated “AAA” or “Aaa” by S&P and Moody’s, respectively, and (5) securities eligible for “AAA” defeasance under then existing criteria of S&P.

Depository; 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 2020 Bonds.

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.

Event of Default. The term “Event of Default” means any of the events specified in Section 7.01.

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.

Federal Securities. The term “Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or noncallable

obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

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.

Indenture. The term “Indenture” means this Indenture of Trust, dated as of June 1, 2020, by and between the District and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

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 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 municipal advisors 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.

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.

Interest Account. The term “Interest Account” means the account by that name in the Payment Fund established pursuant to Section 5.02.

Interest Payment Date. The term “Interest Payment Date” means each March 1 and September 1, commencing on the date set forth in Exhibit B with respect to the 2020B Bonds and in Exhibit C with respect to the 2020C Bonds.

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 2020 Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the District delivered to and accepted by the Depository.

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

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.

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 hereof.

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 Indenture 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.

Opinion of Counsel. The term “Opinion of Counsel” means a written opinion of counsel (including but not limited to counsel to the District) selected by the District. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to 2020 Bonds, means (subject to the provisions of Section 11.09) all 2020 Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (i) 2020

Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2020 Bonds with respect to which all liability of the District shall have been discharged in accordance with Section 10.02, including 2020 Bonds (or portions thereof) described in Section 11.09; (iii) 2020 Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2020 Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; and (iv) Bonds paid pursuant to the last sentence of Section 2.07.

Owner; 2020 Bond Owner. The term “Owner” or “2020 Bond Owner,” whenever used herein with respect to a 2020 Bond, means the person in whose name the ownership of such 2020 Bond is registered on the Registration Books.

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.

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 Fund. The term “Payment Fund” means the fund by that name established pursuant to Section 5.02.

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 Indenture, 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 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 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 independent certified public accountant, 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.

Principal Account. The term “Principal Account” means the account by that name in the Payment Fund established pursuant to Section 5.02.

Rating. The term “Rating” means any currently effective rating on the 2020 Bonds issued by a Rating Agency.

Rating Agencies. The term “Rating Agencies” means S&P and Moody’s.

Rebate Fund. The term “Rebate Fund” means the fund by that name established for the 2020 Bonds pursuant to Section 5.07.

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

Redemption Date. The term “Redemption Date” means the date fixed for redemption prior to maturity of the 2020 Bonds.

Redemption Fund. The term “Redemption Fund” means the fund by that name established pursuant to Section 5.05.

Redemption Price. The term “Redemption Price” means, with respect to any 2020 Bond (or portion thereof), the principal amount of such 2020 Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such 2020 Bond and the Indenture.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2020 Bonds pursuant to Section 2.05.

“Reference Treasury Dealer” The term “Reference Treasury Dealer” means a primary dealer of United States Government securities in the United States (may be the institution that served as the underwriter for 2020C Bonds) appointed by the District and reasonably acceptable to the Calculation Agent.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of the Indenture.

Revenue Fund. The term “Revenue Fund” means enterprise funds Water (310), Wastewater (410), Recycled Water (510), Hydroelectric (610), and Recreation (710), together with other accounts in existence which Revenues are deposited or created in the future by the Board of Directors into which Revenues will be deposited.

Revenues. The term “Revenues” means (i) Water System Revenues, (ii) Wastewater System Revenues, and (iii) other revenues received by the District, as determined in accordance with 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.

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.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the District and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the 2020B Bonds executed by and delivered to the District on the date of execution and delivery of the 2020B Bonds, 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 8.01.

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.

Value. The term “Value,” which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) For the purpose of determining the amount of any fund, all Permitted Investments credited to such fund shall be valued at fair market value. Fair market value shall be determined based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Bank of America Merrill Lynch, and Morgan Stanley Smith Barney.

(b) As to certificates of deposit and bankers’ acceptances: the face amount thereof, plus accrued interest.

(c) As to any investment not specified above: market value, or, if the market value is not ascertainable by the District, at cost.

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 District; Written Order of the District; Written Request of the District; Written Requisition of the District. The terms “Written Consent of the District,” “Written Order of the District,” “Written Request of the District,” and “Written Requisition of the District” mean, respectively, a written consent, order, request or requisition signed by or on behalf of 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.

Section 1.02 Content of Certificates and Opinions. Every certificate or opinion provided for in the Indenture except the certificate of destruction provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such person, such provision has been complied with.

Section 1.03 Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are

solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

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

ARTICLE II

THE 2020 BONDS

Section 2.01 Authorization of 2020 Bonds. The District hereby authorizes the issuance hereunder from time to time of the 2020B Bonds and the 2020C Bonds, which shall constitute special obligations of the District. The 2020B Bonds are hereby designated the “El Dorado Irrigation District Refunding Revenue Bonds, Series 2020B” in the aggregate principal amount set forth in Exhibit B. The 2020C Bonds are hereby designated the “El Dorado Irrigation District Refunding Revenue Bonds, Taxable Series 2020C” in the aggregate principal amount set forth in Exhibit C. The Indenture constitutes a continuing agreement with the Owners from time to time of the 2020 Bonds to secure the full payment of the principal of and interest and premium (if any) on all the 2020 Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02 Terms of the 2020 Bonds. The 2020 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The 2020B Bonds shall mature on March 1 in each of the years in the principal amounts and shall bear interest at the rates set forth in a certificate of the General Manager in the form attached hereto as Exhibit B to be delivered to the Trustee upon the initial issuance of the 2020B Bonds. The 2020C Bonds shall mature on March 1 of each of the years in the principal amounts and shall bear interest at the rates set forth in a certificate of the General Manager in the form attached hereto as Exhibit C to be delivered to the Trustee upon the initial issuance of the 2020C Bonds.

Interest on the 2020 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any 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 shall be dated the date of initial delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before the first Record Date for such series of 2020 Bonds, in which event it shall bear interest from the date of

initial delivery; provided, however, that if, as of the date of authentication of any 2020 Bond, interest thereon is in default, such 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2020 Bonds shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03 Transfer of 2020 Bonds. 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 shall 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 shall execute and the Trustee shall authenticate and shall 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 shall 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 practices.

Section 2.04 Exchange of 2020 Bonds. 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 shall 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 shall 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, in accordance with its then customary practices.

Section 2.05 Registration Books. The Trustee will keep or cause to be kept, at the Designated Corporate Trust Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2020 Bonds, which shall upon reasonable written notice and at reasonable times be open to inspection during regular business hours by the District and the Owners; 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 such records, the ownership of the 2020 Bonds as hereinbefore provided.

The person in whose name any 2020 Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest on and principal and Redemption Price of by such 2020 Bonds shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such 2020 Bond to the extent of the sum or sums so paid.

Section 2.06 Form and Execution of 2020 Bonds. The 2020 Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2020 Bonds shall be executed in the name and on behalf of the District with the manual or facsimile signature of its President. The 2020 Bonds

may carry a seal, and such seal may be in the form of a facsimile of the District's seal and may be reproduced, imprinted or impressed on the 2020 Bonds. The 2020 Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the 2020 Bonds shall cease to be such officer or officers of the District before the 2020 Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the District, such 2020 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though those who signed and attested the same had continued to be such officers of the District, and also any 2020 Bonds may be signed and attested on behalf of the District by such persons as at the actual date of execution of such 2020 Bonds shall be the proper officers of the District although at the nominal date of such 2020 Bonds any such person shall not have been such officer of the District.

Only such of the 2020 Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by an authorized signatory of the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the 2020 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.07 2020 Bonds Mutilated, Lost, Destroyed or Stolen. If any 2020 Bond shall become mutilated, the District, at the expense of the Owner of said 2020 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2020 Bond of like tenor, series and authorized denomination in exchange and substitution for the 2020 Bonds so mutilated, but only upon surrender to the Trustee at its Designated Corporate Trust Office of the 2020 Bond so mutilated. Every mutilated 2020 Bond so surrendered to the Trustee shall be canceled by it. If any 2020 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the District, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2020 Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2020 Bond so lost, destroyed or stolen (or if any such 2020 Bond shall have matured or shall be about to mature, instead of issuing a substitute 2020 Bond, the Trustee may pay the same without surrender thereof). The District may require payment by the Owner of a sum not exceeding the actual cost of preparing each new 2020 Bond issued under this Section and of the expenses which may be incurred by the District and the Trustee in connection therewith. Any 2020 Bond issued under the provisions of this Section in lieu of any 2020 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the 2020 Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other 2020 Bonds secured by the Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new 2020 Bond for a 2020 Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may, at the District's written direction, make payment of such 2020 Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.08 Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the 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 Section 2.08(e).

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 or her 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.

(b) Delivery of Letter of Representations. In order to qualify the book entry 2020 Bonds 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 2020 Bonds other than the Owners, as shown on the 2020 Bond 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 Trustee 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 the Indenture, as are reasonably necessary to qualify book entry 2020 Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as Securities Depository for book entry 2020 Bonds; or (ii) the District determines

that continuation of the book entry system is not in the best interest of the beneficial owners of the 2020 Bonds 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 2020 Bond for each of the maturity dates of such book entry 2020 Bonds, 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 2020 Bonds shall no longer be restricted to being registered in such 2020 Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such 2020 Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 hereof.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding 2020 Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such 2020 Bond and all notices with respect to such 2020 Bond 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 2020 Bonds to Substitute Depository.

(i) The 2020 Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such 2020 Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.08(e) (“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 2.08(e), upon receipt of all Outstanding 2020 Bonds by the Trustee, together with a Written Request of the District to the Trustee designating the Substitute Depository, a single new 2020 Bond, which the District shall prepare or cause to be prepared, shall be issued for each maturity of 2020 Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such Written Request of the District. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2020 Bonds by the Trustee, together with a Written Request

of the District to the Trustee, new 2020 Bonds, which the District shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such Written Request of the District, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new 2020 Bonds 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 redemption or an advance refunding of any 2020 Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such 2020 Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the Outstanding principal amount of such 2020 Bonds shall be controlling.

(iv) The District and the Trustee shall be entitled to treat the person in whose name any 2020 Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2020 Bonds. 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 2020 Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2020 Bonds.

ARTICLE III

ISSUANCE OF 2020 BONDS; APPLICATION OF PROCEEDS

Section 3.01 Issuance of the 2020 Bonds. At any time after the execution of the Indenture, the District may execute and the Trustee shall authenticate and, upon Written Request of the District, deliver the 2020B Bonds and the 2020C Bonds in the aggregate principal amounts set forth in Exhibit B and Exhibit C hereto, respectively.

Section 3.02 Application of Proceeds of the 2020 Bonds and Certain Other Moneys. The proceeds received by the Trustee from the sale of the 2020B Bonds shall be deposited with the Trustee in the 2020B Bonds Account of the Bond Proceeds Fund, which the Trustee shall establish, maintain and hold in trust as a separate fund and shall further deposit and transfer. From the 2020B Bonds Account, the Trustee shall transfer the amounts set forth in Exhibit B hereto.

The proceeds received by the Trustee from the sale of the 2020C Bonds shall be deposited with the Trustee in the 2020C Bonds Account of the Bond Proceeds Fund, which the Trustee shall establish, maintain and hold in trust as a separate fund and shall further deposit and transfer. From the 2020C Bonds Account, the Trustee shall transfer the amounts set forth in Exhibit C hereto.

Following the foregoing transfers, the Trustee shall close the 2020B Bonds Account, the 2020C Bonds Account and the Bond Proceeds Fund. The Trustee may establish temporary funds or accounts in its records to record and facilitate such deposits and transfer.

Section 3.03 Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund.” The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of the District, in the form attached hereto as Exhibit D, 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 issuance of a series 2020 Bonds, or upon the earlier Written Request of the District, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Interest Account and, upon a Written Request of the District, the Costs of Issuance Fund shall be closed. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in the Cost of Issuance Fund.

Section 3.04 Validity of 2020 Bonds. The validity of the authorization and issuance of the 2020 Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the District or the Trustee with respect to any other agreement. The recital contained in the 2020 Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF 2020 BONDS

Section 4.01 Terms of Redemption.

(a) The 2020 Bonds shall be 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 sixty (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, Sections 6.05 and 6.11, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(b) The 2020B Bonds shall be subject to optional redemption as set forth in a certificate of the General Manager attached hereto as Exhibit B.

(c) The 2020C shall be subject to optional redemption as set forth in a certificate of the General Manager attached hereto as Exhibit C.

Section 4.02 Selection of 2020 Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2020B Bonds, the Trustee shall select the 2020B Bonds for redemption as a whole or in part on any date as directed by the District, and by lot within each maturity in integral multiples of \$5,000 in accordance with Section 4.01 hereof. The Trustee will promptly notify the District in writing of the numbers of the 2020B Bonds or portions thereof so selected for redemption.

Whenever provision is made in this Indenture for the redemption of less than all of the 2020C Bonds, the Trustee shall select the 2020C Bonds for redemption as a whole or in part on any date as directed by the District, and if the 2020C Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2020C Bonds, if less than

all of the 2020C Bonds of a maturity are called for prior optional redemption, the particular 2020C Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the 2020C Bonds are held in book-entry form, the selection for redemption of such 2020C Bonds shall be made in accordance with the operational arrangements of DTC then in effect and if the DTC operational arrangements do not allow redemption on a *Pro Rata* Pass-Through Distribution of Principal basis, the 2020C Bonds will be selected for redemption in accordance with DTC procedures by lot and in integral multiples of \$5,000.

Notwithstanding the foregoing, if the 2020C Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the Trustee shall select the 2020C Bonds for redemption as a whole or in part on any date as directed by the District, and by lot within each maturity in integral multiples of \$5,000 in accordance with Section 4.01 hereof.

Section 4.03 Notice of Redemption. Notice of redemption shall be mailed by first class mail or other electronically secure means, to be selected 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 at its Designated Corporate Trust Office. 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 delivered by the Trustee at the expense of the District.

With respect to any notice of optional redemption of 2020 Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2020 Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such 2020 Bonds. If funds are not available to consummate such optional redemption, and if the District has knowledge of such unavailability, the District shall notify the trustee in writing. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall promptly after receipt of written instruction from the District, give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.04 Partial Redemption of 2020 Bonds. Upon surrender of any 2020 Bond redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the District, a new 2020 Bond or 2020 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2020 Bonds surrendered and of the same series, interest rate and maturity.

Section 4.05 Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, the 2020 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the 2020 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2020 Bonds so called for redemption shall cease to accrue, said 2020 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2020 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee shall, upon surrender for payment of any of the 2020 Bonds to be redeemed on their Redemption Dates, pay such 2020 Bonds at the Redemption Price.

All 2020 Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

ARTICLE V

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01 Pledge and Assignment; Revenue Fund.

(a) All of the Revenues, all amounts held in the Revenue Fund described in subsection (b) below 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 hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2020 Bonds in accordance with their terms and the provisions of the Indenture, 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 herein. Said pledge, together with the pledge created for the benefit of other Bonds and Contracts, shall constitute a lien on and security interest on Revenues and, subject to application of Revenues and all amounts on deposit therein as permitted herein, the Revenue Fund and other funds and accounts created hereunder for the payment of the principal of and interest, and the premium, if any, on the 2020 Bonds in accordance with the terms hereof, 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 hereof.

(b) In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants to receive all Revenues in trust hereunder and such Revenues 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 the 2020 Bonds remain unpaid. Moneys in the Revenue Fund

shall be used and applied by the District as provided herein. All moneys in the Revenue Fund shall be held in trust and shall be applied, used and withdrawn for the purposes set forth in this Section.

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. 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:

(i) Interest and Principal Payments. Not later than six (6) Business Days prior to each Interest Payment Date, the District shall, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Payment Fund the amount, if any, necessary for the payments of interest and principal on the 2020 Bonds due and payable on such Interest 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.

(ii) Reserve Funds. Not later than five (5) Business Days prior to each Interest 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, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement with respect thereto.

(iii) 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 (b)(i) or (b)(ii) may be expended by the District at any time for any purpose permitted by law.

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

Section 5.02 Application of Payment Fund. There is hereby established with the Trustee the 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 principal of and interest on the 2020 Bonds remain unpaid. Except as directed herein, all payments of interest and principal on the 2020 Bonds transferred by the District from the Revenue Fund to the Payment Fund pursuant to Section 5.01(b) shall be promptly deposited by the Trustee upon receipt thereof into the Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall be promptly deposited therein. All payments of interest and principal on the 2020 Bonds deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee shall also establish and hold an Interest Account and a Principal Account within the Payment Fund.

The Trustee shall transfer from the Payment Fund and deposit into the following respective accounts the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the Business Day preceding each Interest Payment Date, the Trustee shall deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all 2020 Bonds then Outstanding. No deposit need be made into the Interest Account so long as there shall be in such fund moneys sufficient to pay the interest becoming due and payable on such Interest Payment Date on all 2020 Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the 2020 Bonds shall become due and payable hereunder, the Trustee shall deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2020 Bonds coming due and payable on such date. No deposit need be made into the Principal Account so long as there shall be in such fund moneys sufficient to pay the principal becoming due and payable on such date on all 2020 Bonds then Outstanding.

Section 5.03 Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2020 Bonds as it shall become due and payable (including accrued interest on any 2020 Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

Section 5.04 Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2020 Bonds at maturity, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2020 Bonds, upon written direction of the District, the Trustee shall apply such amounts to the purchase of 2020 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Written Request of the District, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2020 Bonds.

Section 5.05 Application of Redemption Fund. There is hereby established with the Trustee a special fund designated as the "Redemption Fund," which shall be opened, as needed, upon receipt by the Trustee of written instruction from the District to so open. All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of the 2020 Bonds to be redeemed on any Redemption Date pursuant to Section 4.01; provided, however, that at any time prior to selection for redemption of any such 2020 Bonds, upon written direction of the District, the Trustee shall apply such amounts to the purchase of 2020 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Written Request of the District, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2020 Bonds.

Section 5.06 Investments. All moneys in any of the funds or accounts established with the District or the Trustee pursuant to the Indenture shall be invested by the District or the Trustee, as the case may be, solely in Permitted Investments, which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement. Any investments by the Trustee shall be directed by the District pursuant to a Written Request of the District filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions shall be promptly confirmed to the Trustee in writing). In the absence of any such directions from the District, the Trustee shall invest any such moneys in Permitted Investments described 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. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Interest Account unless otherwise provided in the Indenture. For purposes of acquiring any investments hereunder, the Trustee may commingle funds (other than the Rebate Fund) held by it hereunder. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses, fees, taxes or other charges arising from any investments, reinvestments and liquidations of investments made pursuant to this Section 5.06.

The District acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall, upon receipt of a Written Request, furnish the District cash transaction statements 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 waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or an affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

The District shall invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate.

For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately. In making any valuations of investments hereunder, the Trustee may utilize and rely on computerized securities pricing services that may be available to the Trustee, including those available through the Trustee accounting system.

Section 5.07 Rebate Fund.

(a) Establishment. The Trustee shall establish a separate account, as necessary, for the 2020B Bonds designated the “Rebate Fund” which shall be opened, as needed, upon receipt by the Trustee of written instruction from the District to so open. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2020B Bonds 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 2020B Bonds shall be governed by this Section and the Tax Certificate for the 2020B Bonds, unless and to the extent that the District delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2020B Bonds 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) of the end of each Bond 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 Bond 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 55 days of the end of each Bond 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 Bond Year, and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than sixty (60) days after the payment of all the 2020B Bonds, an amount equal to 100% of the Rebatale Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatale 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 2020B Bonds 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 2020B Bonds.

Section 5.08 Application of Funds and Accounts When No 2020B Bonds are Outstanding. On the date on which all 2020B Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to the Indenture shall be withdrawn by the Trustee and paid to the District for use by the District at any time for any purpose permitted by law.

Section 5.09 Reserved.

Section 5.10 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.

Notwithstanding satisfaction of the other conditions to the execution of any Contract or the issuance of Bonds set forth in this Section 5.10, 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.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01 Compliance with Indenture. The Trustee will not authenticate or deliver any 2020 Bond in any manner other than in accordance with the provisions of this Indenture, and the District will not suffer or permit any default by it to occur under this Indenture, but will faithfully observe and perform all the covenants, conditions and requirements hereof.

Section 6.02 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 principal and interest on the 2020 Bonds are fully adequate for the payment of all principal and interest on the 2020 Bonds for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of all principal and interest on the 2020 Bonds, 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 all principal and

interest on the 2020 Bonds and will notify the Trustee in writing of the proceedings then taken or proposed to be taken by the District.

Section 6.03 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 comply 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 6.04 Observance of Laws and Regulations. To the extent necessary to assure its performance hereunder, the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it 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 District, 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 6.05 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 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 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 the 2020 Bonds as provided in Article IV 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 principal and Interest due on the 2020 Bonds then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 6.06 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 principal and interest due on the 2020 Bonds, or which would otherwise impair 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 principal and interest on the 2020 Bonds when due 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 6.07 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 6.08 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 6.09 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 principal and interest on the 2020 Bonds or to the Owners prior or superior to the lien of the 2020 Bonds or which might impair the security of the principal and interest due on the 2020 Bonds.

Section 6.10 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 the principal and interest on the 2020 Bonds 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 6.11 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 principal and interest on the 2020 Bonds as provided in Article X 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 the 2020 Bonds 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 principal and interest on the 2020 Bonds 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 principal and interest on the 2020 Bonds as provided in Article X 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, 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 6.12 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 the 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 Section 6.12(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 6.12(a) and (b) at the commencement of the succeeding Fiscal Year.

Section 6.13 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 6.14 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 principal and interest on the 2020 Bonds.

Section 6.15 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 Indenture, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner 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 2020 Bond (including persons holding 2020 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2020 Bond for federal income tax purposes.

Section 6.16 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.

Section 6.17 Punctual Payment. The District shall cause the Trustee to pay the principal and interest to become due in respect of all of the 2020 Bonds, in strict conformity with the terms of the 2020 Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

Section 6.18 Extension of Payment of 2020 Bonds. The District shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2020 Bonds or the time of payment of any claims for interest by the purchase of such 2020 Bonds or by any other arrangement, and in case the maturity of any of the 2020 Bonds or the time of payment of any such claims for interest shall be extended, such 2020 Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the 2020 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended.

Section 6.19 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 6.20 Power to Issue 2020 Bonds and Make Pledge and Assignment. The District is duly authorized pursuant to law to issue the 2020 Bonds and to enter into the Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The 2020 Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the District in accordance with their terms, and the District and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the 2020 Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Section 6.21 Accounting Records and Financial Statements.

(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 Trustee at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with 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 6.22 Waiver of Laws. The District shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the 2020 Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the District to the extent permitted by law.

Section 6.23 Further Assurances. The District will make, execute and deliver any and all such further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the 2020 Bonds of the rights and benefits provided in the Indenture.

Section 6.24 Prosecution and Defense of Suits. The District shall promptly, upon request of the Trustee or any 2020 Bond 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) and every 2020 Bond 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 any 2020 Bond Owner upon any claim by a 2020 Bond Owner or a third party arising out of the receipt, application or disbursement of any of the payments of principal of or interest on the 2020 Bonds or involving the rights of the Trustee or any 2020 Bond Owner under the Indenture; provided that the Trustee or any 2020 Bond Owner 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 and the 2020 Bond Owners against any and all liability claimed or asserted by any such person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the 2020 Bond Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation (including pre-litigation activities) to which any of them may become a party by reason of ownership of 2020 Bonds. The District shall promptly reimburse the Trustee and any 2020 Bond Owner in the full amount of any attorneys' fees or other expenses which the Trustee or such Owner may incur in litigation or otherwise in order to enforce such party's rights under the Indenture or the 2020 Bonds.

Section 6.25 Tax Covenants. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the 2020B Bonds 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 and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will not take or omit to take any action or make any use of the proceeds of the 2020B Bonds or of any other moneys or property which would cause the 2020B Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(b) Arbitrage. The District will make no use of the proceeds of the 2020B Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the 2020B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The District will make no use of the proceeds of the 2020B Bonds or take or omit to take any action that would cause the 2020B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

(e) Hedge Bonds. The District will make no use of the proceeds of the 2020B Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the 2020B Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2020B Bonds for federal income tax purposes.

(f) Miscellaneous. The District will take no action, or omit to take any action, inconsistent with the expectations stated in any Tax Certificate executed with respect to the 2020B Bonds 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 executing and delivering Bonds or Contracts, including the 2020C Bonds, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF 2020 BOND OWNERS

Section 7.01 Events of Default. The following events shall be Events of Default hereunder:

(a) Default by the District in the due and punctual payment of the principal of any 2020 Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default by the District in the due and punctual payment of the interest on any 2020 Bonds when and as the same shall become due and payable.

(c) Default by the District in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the 2020 Bonds 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 2020 Bonds 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) 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.

(e) Payment of the principal of any Bond or with respect to any Contract is accelerated in accordance with its terms.

Section 7.02 Remedies Upon Event of Default. If any Event of Default specified in Section 7.01(d) or (e) shall occur and be continuing, the Trustee shall, and for any other Event of Default, the Trustee may, in each case, upon notice in writing to the District, declare the principal of all of the 2020 Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the 2020 Bonds contained to the contrary notwithstanding.

Nothing contained herein shall permit or require the Trustee to accelerate payments due under the Indenture if the District is not in default of its obligation hereunder.

Any such declaration is subject to the condition that if, at any time after such declaration 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 Trustee a sum sufficient to pay all the principal of and interest on the 2020 Bonds which is overdue, with interest on such overdue principal at the rate borne by the respective 2020 Bonds to the extent permitted by law, and all charges and expenses of the Trustee, and any and all other Events of Default actually known to a Responsible Officer of the Trustee, shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case the Trustee shall on behalf of the Owners of all of the 2020 Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

Section 7.03 Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues held or thereafter received by the Trustee and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (other than amounts held in the Rebate Fund) shall be applied in the following order:

(i) To the payment of any expenses necessary to protect the interests of the Owners of the 2020 Bonds and payment of fees and expenses of the Trustee (including fees, expenses and disbursements of its accountants and counsel) incurred in and about the performance of its powers and duties under the Indenture;

(ii) To the payment of Operation and Maintenance Costs;

(iii) To the payment of the principal of and interest then due on the 2020 Bonds (upon presentation of the 2020 Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid), in accordance with the provisions of the Indenture, the payment of the principal and interest then due with respect to such Contract in accordance with the provisions thereof and the payment of the principal of and interest then due on such Bonds in accordance with the provisions thereof and of any indenture related thereto, in the following order of priority:

First: To the payment to the persons entitled thereto of all installments of interest then due on the 2020 Bonds, 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; and

Second: To the payment to the persons entitled thereto of all installments of unpaid principal of any 2020 Bond, 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 2020 Bonds together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

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

Section 7.04 Trustee to Represent 2020 Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2020 Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the 2020 Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2020 Bonds or the Indenture and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2020 Bond Owners, the Trustee in its reasonable judgment may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2020 Bonds or the Indenture or any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the 2020 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2020 Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2020 Bonds, subject to the provisions of the Indenture.

Section 7.05 2020 Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its satisfaction, to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to 2020 Bond Owners not parties to such direction.

Section 7.06 Suit by Owners. No Owner of any 2020 Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture with respect to such 2020 Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than fifty percent (50%) in aggregate principal amount of the 2020 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee indemnity against the costs, claims, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of 2020 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2020 Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of 2020 Bonds (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Owners), or to enforce any right under the 2020 Bonds, the Indenture, or applicable law with respect to the 2020 Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding 2020 Bonds, subject to the provisions of the Indenture.

Section 7.07 Absolute Obligation of the District. Nothing in this Section 7.07 or in any other provision of the Indenture or in the 2020 Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the 2020 Bonds to the respective Owners of the 2020 Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2020 Bonds.

Section 7.08 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2020 Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09 No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2020 Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein.

ARTICLE VIII

THE TRUSTEE

Section 8.01 Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing 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 the Indenture, and no implied covenants or duties shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The District may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2020 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the District shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the 2020 Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any 2020 Bond Owner (on behalf of himself and all other 2020 Bond Owners) may, at the sole cost and expense of the District, petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the District shall execute and deliver any and

all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the District shall mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each Rating Agency which is then rating the 2020 Bonds and to the 2020 Bond Owners at the addresses shown on the Registration Books. If the District fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the District.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination for federal or state authority. If such bank, banking association 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 purpose of this subsection the combined capital and surplus of such trust company, banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign promptly in the manner and with the effect specified in this Section.

Section 8.02 Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, banking association or bank shall be eligible under subsection (e) of Section 8.01, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03 Liability of Trustee.

(a) The recitals of facts herein and in the 2020 Bonds shall be taken as statements of the District, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture or the 2020 Bonds, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the 2020 Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2020 Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of 2020 Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 2020 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2020 Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for herein) in aggregate principal amount of the 2020 Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it by the Indenture.

(e) The Trustee shall not be deemed to have knowledge or notice (in each case, either actual or constructive) of any default or Event of Default hereunder or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or a Responsible Officer of the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by the District or the Owners of not less than fifty percent (50%) of the 2020 Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the District of any of the terms, conditions, covenants or agreements herein of any of the documents executed in connection with the 2020 Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

(f) No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee indemnity satisfactory to it against the costs, claims, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy and the Trustee shall not be answerable for other than its own negligence or willful misconduct.

(h) Whether or not herein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

(i) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the 2020 Bonds.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, which affect the Trustee’s ability to perform its obligations hereunder, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, recognized public emergencies, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Revenues, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by secured e-mail, facsimile transmission or other similar secured electronic methods, provided, however, that, for purposes of this Indenture, an e-mail does not constitute a notice, request, or other communication hereunder but rather, the portable document format or similar attachment attached to such e-mail shall constitute a notice, request, or other communication hereunder and provided further that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee elects to act upon such instructions, the Trustee’s understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs, claims or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such instructions notwithstanding the fact that such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(n) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(o) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 8.04 Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel 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 and in accordance therewith.

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit.

The Trustee may treat the Owners of the 2020 Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2020 Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate, Request or Requisition of the District and such Certificate, Request or Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, Request or Requisition, but the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.05 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its respective possession and shall be subject at all reasonable times to the inspection of the District, and any 2020 Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06 Compensation and Indemnification. The District shall pay to the Trustee from time to time all compensation agreed upon in writing for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture.

The District shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred to a 2020 Bond Owner or a third party without negligence on its part, arising out of or in connection with the execution of the Indenture, acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the indemnification obligations of the District shall survive removal or resignation of the Trustee hereunder or the discharge of the 2020 Bonds and the Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01 Amendments Permitted.

(a) The Indenture and the rights and obligations of the District, the Owners of the 2020 Bonds, and the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto. No such modification or amendment shall extend the fixed maturity of any 2020 Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2020 Bond so affected. Promptly after the execution by the District and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the 2020 Bonds at the respective addresses shown on the Registration Books. Notice of proposed execution shall be prepared by the District. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and the rights and obligations of the District, the Trustee and the Owners of the 2020 Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into without the consent of any 2020 Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding 2020 Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the District contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2020 Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the District;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the District may deem necessary or desirable;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereunder in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and

(4) to modify, amend or supplement the Indenture in such manner as to cause interest on the 2020B Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its reasonable judgment, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section which

materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the 2020B Bonds from federal income taxation and the 2020 Bonds from State income taxation.

Section 9.02 Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District, the Trustee and all Owners of 2020 Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 9.03 Endorsement of 2020 Bonds; Preparation of New 2020 Bonds. 2020 Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2020 Bonds Outstanding at the time of such execution and presentation of his or her 2020 Bonds for such purpose at the Designated Corporate Trust Office of the Trustee or at such additional offices as the Trustee may select and designate for such purpose, a suitable notation shall be made on such 2020 Bonds. If the Supplemental Indenture shall so provide, new 2020 Bonds so modified as to conform, in the opinion of the District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the District and authenticated by the Trustee, and upon demand on the Owners of any 2020 Bonds then Outstanding shall be exchanged at the Designated Corporate Trust Office of the Trustee, without cost to any 2020 Bond Owner, for 2020 Bonds then Outstanding, upon surrender for cancellation of such 2020 Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04 Amendment of Particular 2020 Bonds. The provisions of this Article shall not prevent any 2020 Bond Owner from accepting any amendment as to the particular 2020 Bonds held by such 2020 Bond Owner.

ARTICLE X

DEFEASANCE

Section 10.01 Discharge of Indenture. The 2020 Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

(a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on such 2020 Bonds, as and when the same become due and payable;

(b) by the deposit with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all 2020 Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all of the 2020 Bonds then Outstanding.

If the District shall also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (as evidenced by a Certificate of the District filed with the Trustee, signifying the intention of the District to discharge all such indebtedness and the Indenture), and notwithstanding that any such 2020 Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture, and all covenants, agreements and other obligations of the District under the Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the District, the Trustee shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of such 2020 Bonds not theretofore surrendered for such payment or redemption to the District.

Section 10.02 Discharge of Liability on 2020 Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding 2020 Bonds (whether upon or prior to the maturity or the Redemption Date of such 2020 Bonds), provided that, if such Outstanding 2020 Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the District in respect of such 2020 Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of Section 10.04.

The District may at any time surrender to the Trustee for cancellation by it any 2020 Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such 2020 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03 Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any 2020 Bonds, the money or securities so to be deposited or held shall be invested in Defeasance Securities and shall be held by the Trustee in the funds and accounts established pursuant to the Indenture. Defeasance may be accomplished by depositing with the Trustee:

(a) lawful money of the United States of America in an amount equal to the principal amount of such 2020 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2020 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such 2020 Bonds and all unpaid interest and premium, if any, thereon to the Redemption Date; or

(b) Defeasance Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant or Independent Municipal Advisor filed with the District and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the Redemption Date (with premium, if any), as the case may be, on the 2020 Bonds to be paid or redeemed as directed by the District as such principal, interest and premium, if any, become due, provided that in the case of 2020 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Written Request of the District) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2020 Bonds as directed by the District; (ii) the District shall have delivered to the Trustee an opinion of Bond Counsel addressed to the District and the Trustee to the effect that such 2020 Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's or Independent Municipal Advisor's opinion referred to above); (iii) the District shall have delivered an escrow agreement; and (iv) the District shall have delivered a certificate of discharge of the Trustee with respect to the 2020 Bonds. The opinion of Bond Counsel and Independent Certified Public Accountant's or Independent Municipal Advisor's opinion referred to above shall be acceptable in form and substance, and addressed, to the District and the Trustee.

The 2020 Bonds shall be deemed Outstanding under this Indenture unless and until they are in fact paid and retired or the above criteria are met.

Section 10.04 Payment of 2020 Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2020 Bonds and remaining unclaimed for six (6) months after the principal of all of the 2020 Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or six (6) months after the date of deposit of such moneys if deposited after said date when all of the 2020 Bonds became due and payable, shall be repaid to the District free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the District and the Trustee indemnifying the Trustee with respect to claims of Owners of 2020 Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Trustee shall at the written direction of the District (at the cost of the District), first mail to the Owners of 2020 Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice with respect to the 2020 Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Liability Limited. 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.

Section 11.02 Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03 Limitation of Rights to Parties and 2020 Bond Owners. Nothing expressed or implied in the Indenture or in the 2020 Bonds is intended or shall be construed to give to any person other than the District, the Trustee and the Owners of the 2020 Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Trustee and the Owners of the 2020 Bonds.

Section 11.04 Waiver of Notice; Requirement of Mailed Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in the Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05 Disposal of 2020 Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the District of any 2020 Bonds, the Trustee shall dispose of such 2020 Bonds in accordance with its then customary practices, and as may be allowed by law, and deliver a certificate of such disposal to the District.

Section 11.06 Severability of Invalid Provisions. If any one or more of the provisions contained in the Indenture or in the 2020 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in the Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of the Indenture, and the Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2020 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Section 11.07 Notices. Any notice to or demand upon the District or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or email or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to the District at El Dorado Irrigation District, 2890 Mosquito Road, Placerville, California 95667, Attention: General Manager (or such other address as may have been filed in writing by the District with the Trustee), to the Trustee at MUFG Union Bank, N.A., 350 California Street, 17th Floor, San Francisco, California 94104, Attention: Corporate Trust Department, Reference: El Dorado Irrigation District, Series 2020B; Facsimile: (415) 273-2492; E-mail:

SFCT@unionbank.com. Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until a Responsible Officer of the Trustee actually receives such notice.

Section 11.08 Evidence of Rights of 2020 Bond Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by 2020 Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2020 Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of 2020 Bonds transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the District if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The Ownership of 2020 Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2020 Bond shall bind every future Owner of the same 2020 Bond and the Owner of every 2020 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in accordance therewith or reliance thereon.

Section 11.09 Disqualified 2020 Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2020 Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, 2020 Bonds which are actually known by the Trustee to be owned or held by or for the account of the District, or by any other obligor on the 2020 Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the 2020 Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2020 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such 2020 Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the 2020 Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the District shall certify to the Trustee those 2020 Bonds that are disqualified pursuant to this Section 11.09 and the Trustee may conclusively rely on such certificate.

Section 11.10 Money Held for Particular 2020 Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2020 Bonds (or portions of 2020 Bonds in the case of registered 2020 Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the 2020 Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11 Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.21(a) and for the protection of the security of the 2020 Bonds and the rights of every Owner thereof.

Section 11.12 Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the District shall be individually or personally liable for the payment of the principal of or premium or interest on the 2020 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by the Indenture.

Section 11.13 Execution in Several Counterparts and Electronic Signing. The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Indenture or any document to be signed in connection with this Indenture 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 11.14 CUSIP Numbers. Neither the Trustee nor the District shall be liable for any defect or inaccuracy in the CUSIP number that appears on any 2020 Bond or in any redemption notice. The Trustee may, in its reasonable judgment, include in any redemption notice a statement to the effect that the CUSIP numbers on the 2020 Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2020 Bond Owners and that neither the District nor the Trustee shall be liable for any inaccuracies in such numbers. The District will promptly notify the Trustee in writing of any change in the CUSIP numbers.

Section 11.15 Choice of Law. THE INDENTURE SHALL BE GOVERNED BY THE LAWS OF THE STATE.

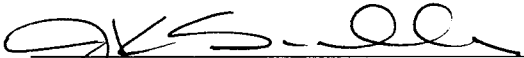
Section 11.16 U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

IN WITNESS WHEREOF, the District has caused the Indenture to be signed in its name by its President, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officers thereunto duly authorized, all as of the day and year first above written.

EL DORADO IRRIGATION DISTRICT

By: 
Its: President of the Board of Directors

Attest:


Secretary

MUFG UNION BANK, N.A., as Trustee

By: _____
Its: Authorized Signatory

IN WITNESS WHEREOF, the District has caused the Indenture to be signed in its name by its President, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officers thereunto duly authorized, all as of the day and year first above written.

EL DORADO IRRIGATION DISTRICT

By: _____
Its: President of the Board of Directors

Attest:

Secretary

MUFG UNION BANK, N.A., as Trustee



By: _____
Its: Authorized Signatory

EXHIBIT A

FORM OF 2020 BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BOND, [SERIES 2020B] [TAXABLE SERIES 2020C]

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	March 1, 20__	June 23, 2020	283062__

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The EL DORADO IRRIGATION DISTRICT, an irrigation district duly organized and existing under the laws of the State of California (the "District"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond (unless: (i) this Bond is authenticated after the fifteenth day of the calendar month preceding an interest payment date, whether or not such day is a Business Day, and on or before the following interest payment date, in which event it shall bear interest from such interest payment date; or (ii) this Bond is authenticated on or before August 15, 2020, in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond), at the Interest Rate per annum specified above, payable semiannually on each March 1 and September 1, commencing September 1, 2020, calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof and premium, if any, upon early redemption hereof are payable by check of the Trustee upon presentation and surrender hereof at the

Designated Corporate Trust Office of the Trustee (as defined in the hereinafter described Indenture) of MUFG Union Bank, N.A., as trustee (the “Trustee”). Interest hereon is payable by check of the Trustee sent by first class mail on the applicable interest payment date to the Registered Owner hereof at the Registered Owner’s address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each interest payment date (except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such registered owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such registered owner prior to the fifteenth (15th) day of the month preceding such interest payment date).

This Bond is not a debt of the State of California, or any of its political subdivisions (other than the District), and neither the State, nor any of its political subdivisions (other than the District), is liable hereon, nor in any event shall this Bond be payable out of any funds or properties of the District other than the Net Revenues (as such term is defined in the Indenture of Trust, dated as of June 1, 2020 (the “Indenture”), by and between the District and the Trustee) and other moneys pledged therefor under the Indenture. The obligation of the District to make payments in accordance with the Indenture is a limited obligation of the District as set forth in the Indenture and the District shall have no liability or obligation in connection herewith except with respect to such payments to be made pursuant to the Indenture. The Bonds do not constitute an indebtedness of the District in contravention of any constitutional or statutory debt limitation or restriction.

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

This Bond is one of a duly authorized issue of bonds of the District designated as the “El Dorado Irrigation District Refunding Revenue Bonds, Series 2020B (the “2020B Bonds”) and Taxable Series 2020C” (the “2020C Bonds,” and with the 2020B Bonds, the “Bonds”), of an aggregate principal amount of One Hundred Thirty-Four Million Six Hundred Twenty Thousand (\$134,620,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates) and all issued pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including but not limited to Section 53583, and pursuant to the Indenture and the resolution authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the District) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the Owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the District hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. The Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Bonds have been issued by the District (i) to refund certain obligations of the District, (ii) to pay the Costs of Issuance with respect to the Bonds, as more fully described in the Indenture.

This Bond and the interest, premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special obligations of the District, secured by a pledge and lien on and payable from the Revenues and any other amounts on deposit in certain funds and accounts created under the Indenture. As and to the extent set forth in

the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The Indenture and the rights and obligations of the District and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto. No such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected.

The Indenture and the rights and obligations of the District, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into without the consent of any Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such supplemental indenture shall not materially adversely affect the interests of the Owners of the Outstanding Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the District contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the District in the Indenture;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the District may deem necessary or desirable;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and

(4) to modify, amend or supplement the Indenture in such manner as to cause interest on the 2020B Bonds to remain excludable from gross income under the Code.

The Trustee may in its reasonable judgment, but shall not be obligated to, enter into any such Supplemental Indenture authorized by the Indenture which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Prior to the Trustee entering into any Supplemental Indenture, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the 2020B Bonds from federal income taxation and the 2020 Bonds from State income taxation.

The 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 and within maturities as directed by the

District in a Written Request provided to the Trustee at least sixty (60) 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 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.

[The 2020B Bonds are not subject to optional redemption prior to maturity.]

[The 2020C Bonds maturing on and after March 1, 2031 are subject to redemption prior to their respective stated maturities, as a whole or in part on any date as in the order of maturity as directed by the District in a Written Request provided to the Trustee at least twenty (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, 2030, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The 2020C Bonds shall be subject to redemption prior to March 1, 2030 at the option of the District, as a whole or in part on any Business Day in the order of maturity as directed in a Written Request of the District provided to the Trustee at least forty-five (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,” as determined by the District, 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 plus the following make-whole call spread for the 2020C Bonds maturing on the dates set forth below, plus accrued and unpaid interest on the 2020C Bonds to be redeemed on the redemption:]

<i>Maturity Date</i>	<i>Make-Whole Call Spread (Basis Points)</i>
September 1, 2020 through March 1 2023, inclusive	10
March 1, 2024 and thereafter	25

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail at least twenty (20) days but not more than sixty (60) days prior to the Redemption Date to the respective Owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither the failure to receive such notice nor any defect in the notice or the mailing thereof shall affect the validity of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the Bonds and the interest accrued thereon may be declared due and payable upon the conditions, in the

manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney in writing, at the Designated Corporate Trust Office of the Trustee but only in the manner subject to the limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds of the same series, of authorized denomination or denominations, for the same aggregate principal amount of the same maturity will be issued to the transferee in exchange therefor.

Bonds may be exchanged at the Designated Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series and same maturity, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption.

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

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Indenture and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit under any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the District has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its President as of this 23rd day of June, 2020.

EL DORADO IRRIGATION DISTRICT

By: _____
Its: President of the Board of Directors

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture.

Dated: June 23, 2020

MUFG UNION BANK, N.A., as Trustee

By: _____
Its: Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within registered Bond and hereby irrevocably constitute(s) and appoint(s) _____
_____ attorney, to transfer the same on the registration books of the Trustee
with full power of substitution in the premises.

Dated: _____

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

Signature Guaranteed:

Note: Signature guarantee shall be made by
a guarantor institution participating in the
Securities Transfer Agents Medallion Program
or in such other guarantee program acceptable
to the Trustee.

EXHIBIT B

CERTIFICATE OF GENERAL MANAGER – SERIES 2020B BONDS

I, Jim Abercrombie, am the duly authorized General Manager of the El Dorado Irrigation District (the “District”) and, in accordance with Sections 2.02 and 4.01(b) of the Indenture of Trust, dated as of June 1, 2020 (the “Indenture”), by and between the District and MUFG Union Bank, N.A., as Trustee, set forth the following:

1. In accordance with Section 2.02 of the Indenture, the 2020B Bonds shall be issued in the aggregate principal amount of \$5,600,000 and shall mature on March 1 in the years and bear interest on each Interest Payment Date at the rates set forth below. The 2020B Bonds shall be payable on each Interest Payment Date, commencing March 1, 2021.

<i>Maturity Date (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2021	\$675,000	5.00%
2022	730,000	5.00
2023	765,000	5.00
2024	720,000	5.00
2025	760,000	5.00
2026	690,000	5.00
2027	730,000	5.00
2028	530,000	5.00

2. The Trustee shall transfer \$15,810.62 of the proceeds received from the sale of the 2020B Bonds to the Costs of Issuance Fund.

3. The 2020B Bonds are not subject to optional redemption prior to maturity.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Dated: June 23, 2020

EL DORADO IRRIGATION DISTRICT

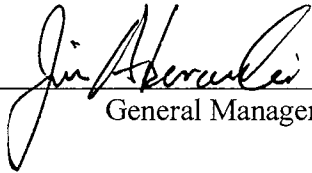
By:  _____
General Manager

EXHIBIT C

CERTIFICATE OF GENERAL MANAGER – SERIES 2020C BONDS

I, Jim Abercrombie, am the duly authorized General Manager of the El Dorado Irrigation District (the “District”) and, in accordance with Sections 2.02 and 4.01(c) of the Indenture of Trust, dated as of June 1, 2020 (the “Indenture”), by and between the District and MUFG Union Bank, N.A., as Trustee, set forth the following:

1. In accordance with Section 2.02 of the Indenture, the 2020C Bonds shall be issued in the aggregate principal amount of \$129,020,000 and shall mature on the dates in the years and bear interest on each Interest Payment Date at the rates set forth below. The 2020C Bonds shall be payable on each Interest Payment Date, commencing September 1, 2020.

<i>Maturity Date (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2020*	\$1,770,000	0.539%
2021	8,230,000	0.639
2022	3,660,000	0.739
2023	3,690,000	0.871
2024	3,725,000	1.080
2025	3,770,000	1.280
2026	3,825,000	1.487
2027	8,645,000	1.687
2028	8,805,000	1.955
2029	8,975,000	2.055
2030	6,600,000	2.155
2031	6,750,000	2.255
2032	6,905,000	2.335
2033	7,070,000	2.435
2034	7,250,000	2.535
2035	7,440,000	2.635
2036	7,645,000	2.736
2037	7,855,000	2.836
2038	8,085,000	2.886
2039	8,325,000	2.936

2. \$128,699,153.18 of the proceeds received from the sale of the 2020C Bonds shall be deposited with the Trustee in the 2020C Bonds Account of the Bond Proceeds Fund, and the Trustee shall deposit and transfer from the 2020C Bonds Account: (a) \$26,143,706.23 to MUFG Union Bank, N.A., as the escrow agent for the refunding of the 2012A Bonds, (b) \$102,292,724.12 to

* *Matures on September 1, 2020.*

MUFG Union Bank, N.A., as the escrow agent for the refunding of the 2014A Bonds, and (c) deposit transfer the of \$262,722.83 to the Costs of Issuance Fund.

3. In accordance with Section 4.01(c) of the Indenture, the 2020C Bonds maturing on and after March 1, 2031 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 35 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, 2030 at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

4. In accordance with Section 4.01(c) of the Indenture, the 2020C Bonds shall be subject to redemption prior to March 1, 2030 at the option of the District, as a whole or in part on any Business Day in the order of maturity as directed in a Written Request of the District provided to the Trustee at least forty-five (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," as determined by the District, 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 plus the following make-whole call spread for the 2020C Bonds maturing on the dates set forth below, plus accrued and unpaid interest on the 2020C Bonds to be redeemed on the redemption date:

<i>Maturity Date</i>	<i>Make-Whole Call Spread (Basis Points)</i>
September 1, 2020 through March 1 2023, inclusive	10
March 1, 2024 and thereafter	25

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Dated: June 23, 2020

EL DORADO IRRIGATION DISTRICT

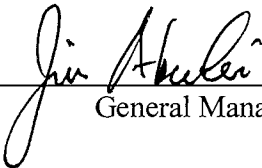
By:  _____
General Manager

EXHIBIT D

FORM OF COST OF ISSUANCE 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 3.02 of that certain Indenture of Trust, dated as of June 1, 2020 (the "Indenture"), by and between MUFG Union Bank, N.A., as trustee (the "Trustee"), and the District, the undersigned hereby requests the Trustee, upon receipt of invoices from the payees designated on the attached Exhibit A, to disburse from the Costs of Issuance Fund established under the Indenture, 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 Costs of Issuance 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 Indenture.

Dated:

EL DORADO IRRIGATION DISTRICT

By: _____

Its:

EL DORADO IRRIGATION DISTRICT

\$61,080,000
REVENUE CERTIFICATES OF
PARTICIPATION, SERIES 2020A

\$5,600,000
REFUNDING REVENUE BONDS
SERIES 2020B

\$129,020,000
REFUNDING REVENUE BONDS
TAXABLE SERIES 2020C

Dated: Date of Issuance

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 MUFU 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.

Due: March 1, as set forth on the inside cover**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 to the District by the State Water Resources Control Board and the Department of Public Health of the State of California, 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 the District’s outstanding Refunding Revenue Bonds, Series 2012A and a portion of the outstanding Refunding Revenue Bonds, Series 2014A, 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 MUFU 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 2020B Bonds are not subject to optional redemption but are subject extraordinary redemption as more fully described herein. The 2020C 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 MUFU 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 are on a parity with Parity Payments, which after the refundings contemplated herein, will be outstanding in the aggregate principal amount of approximately \$148,970,000 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 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. Capitalized terms used and not defined on the cover of this Official Statement have the meanings ascribed thereto in this Official Statement.

Maturity Schedule – See Inside Cover Page

The 2020A Certificates and the 2020 Bonds are offered when, as and if executed or issued 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. Poulsen, Esq., General Counsel 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 23, 2020.

CITIGROUP

MATURITY SCHEDULES

\$61,080,000
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>
2025	\$ 155,000	5.00%	0.410%	121.294
2026	265,000	5.00	0.560	124.825
2027	275,000	5.00	0.730	127.824
2028	530,000	5.00	0.810	131.171
2029	725,000	5.00	0.890	134.290
2030	3,245,000	5.00	0.920	137.735
2031	2,835,000	5.00	1.020	136.627 ^C
2032	2,385,000	5.00	1.110	135.638 ^C
2033	1,890,000	5.00	1.230	134.333 ^C
2034	1,345,000	5.00	1.310	133.471 ^C
2035	735,000	5.00	1.390	132.616 ^C
2037	2,465,000	5.00	1.480	131.661 ^C
2038	2,590,000	5.00	1.550	130.924 ^C
2039	2,720,000	5.00	1.590	130.505 ^C
2040	2,860,000	5.00	1.630	130.088 ^C

\$16,230,000 4.00% Term 2020A Certificates Due March 1, 2045, Yield 2.08%, Price 116.766^C

\$19,830,000 4.00% Term 2020A Certificates Due March 1, 2050, Yield 2.16%, Price 116.005^C

^C Priced to the optional prepayment date of March 1, 2030, at par.

\$5,600,000
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>
2021	\$675,000	5.00%	0.25%	103.266
2022	730,000	5.00	0.26	107.982
2023	765,000	5.00	0.28	112.634
2024	720,000	5.00	0.31	117.188
2025	760,000	5.00	0.41	121.294
2026	690,000	5.00	0.56	124.825
2027	730,000	5.00	0.73	127.824
2028	530,000	5.00	0.81	131.171

\$129,020,000
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>
2020*	\$1,770,000	0.539%	0.539%	100.000
2021	8,230,000	0.639	0.639	100.000
2022	3,660,000	0.739	0.739	100.000
2023	3,690,000	0.871	0.871	100.000
2024	3,725,000	1.080	1.080	100.000
2025	3,770,000	1.280	1.280	100.000
2026	3,825,000	1.487	1.487	100.000
2027	8,645,000	1.687	1.687	100.000
2028	8,805,000	1.955	1.955	100.000
2029	8,975,000	2.055	2.055	100.000
2030	6,600,000	2.155	2.155	100.000
2031	6,750,000	2.255	2.255	100.000
2032	6,905,000	2.335	2.335	100.000
2033	7,070,000	2.435	2.435	100.000
2034	7,250,000	2.535	2.535	100.000
2035	7,440,000	2.635	2.635	100.000
2036	7,645,000	2.736	2.736	100.000
2037	7,855,000	2.836	2.836	100.000
2038	8,085,000	2.886	2.886	100.000
2039	8,325,000	2.936	2.936	100.000

* *Matures on September 1, 2020.*

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. The information presented on the District’s website 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, Finance Director

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

TABLE OF CONTENTS

Page

SUMMARY STATEMENT i

INTRODUCTION 1

 General..... 1

 The 2020A Certificates 1

 The 2020 Bonds 2

 Continuing Disclosure..... 4

 Forward-Looking Statements..... 4

PLAN OF FINANCE..... 4

 The Refunding Plan 4

 The Project 6

ESTIMATED SOURCES AND USES OF FUNDS 7

THE 2020A CERTIFICATES 7

 General Provisions 7

 Book-Entry Only System 8

 Transfers and Exchanges Upon Termination of Book-Entry Only System 8

 Prepayment of the 2020A Certificates 9

 Notice of Prepayment..... 10

THE 2020 BONDS 10

 General Provisions 10

 Book-Entry Only System 11

 Transfers and Exchanges Upon Termination of Book-Entry Only System 12

 Redemption of the 2020 Bonds..... 12

 Notice of Redemption 14

EL DORADO IRRIGATION DISTRICT PAYMENT SCHEDULE 15

SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES 17

AND THE 2020 BONDS 17

 Special Obligations Payable From Net Revenues..... 17

 Rate Covenants 18

 Additional Indebtedness..... 18

 No Reserve Fund for the 2020A Certificates or 2020 Bonds..... 19

THE EL DORADO IRRIGATION DISTRICT..... 19

 General..... 19

 Service Area..... 20

 Governance and Management..... 21

 Employees and Employee Benefits..... 21

 Budget Process..... 27

 District Property and Liability Insurance..... 27

 Other Outstanding Revenue Obligations 28

 1% Property Tax Revenues..... 29

 Assessed Valuations, Tax Collections and Tax Delinquencies..... 30

Ad Valorem Tax 31

TABLE OF CONTENTS
(continued)

	<i>Page</i>
Certain Factors Affecting Growth.....	31
THE WATER SYSTEM OF THE DISTRICT	32
The Water System.....	32
Water Supply	33
Response to Weather Conditions	35
Future Water Supplies.....	37
Historic and Projected System Firm Yield.....	37
Historic Water Connections	38
Historic Water Deliveries.....	38
Historic Water Sales Revenues	39
Largest Customers	40
Water System Rates and Charges	40
Collection Procedures	42
Future Water System Improvements.....	43
Projected Potable Water Connections	43
Projected Raw Water Deliveries	43
Projected Water Sales Revenues	44
Hydroelectric Revenues	44
Historic Operating Results and Debt Service Coverage	44
Management Discussion With Respect To Fiscal Years 2014 through 2019	48
Projected Operating Results and Debt Service Coverage	48
THE WASTEWATER SYSTEM OF THE DISTRICT	52
The Wastewater System.....	52
Historic Wastewater Connections.....	52
Historic Wastewater System Usage	53
Historic Wastewater Service Charge Revenues.....	54
Largest Customers	54
Wastewater System Rates and Charges	55
Collection Procedures	56
Future Wastewater System Improvements.....	57
Projected Wastewater Connections.....	57
Projected Wastewater System Usage	57
Projected Wastewater Service Charge Revenues.....	58
The Recycled Water System	58
Historic Recycled Water Connections	59
Historic Recycled Water System Usage	59
Historic Recycled Water Service Charge Revenues	60
Largest Customers	60
Recycled Water System Rates and Charges.....	60
Collection Procedures	62
Future Recycled Water System Improvements.....	62
Projected Recycled Water Connections.....	63
Projected Recycled Water System Demand.....	63
Projected Recycled Water Service Charge Revenues	63
Historic Operating Results and Debt Service Coverage	64
Management Discussion With Respect To Fiscal Years 2014 through 2019	67
Projected Operating Results and Debt Service Coverage	67
FINANCIAL INFORMATION OF THE DISTRICT	69
Financial Statements	69

TABLE OF CONTENTS
(continued)

	<i>Page</i>
Historic Operating Results and Debt Service Coverage	69
Management Discussion With Respect To Fiscal Years 2014 through 2019	73
Projected Operating Results and Debt Service Coverage	73
INVESTMENT CONSIDERATIONS	76
Accuracy of Assumptions	76
Rates Covenants Not a Guarantee.....	77
Limitations on Increases of Water and Wastewater Rates	77
System Demand	77
System Expenses.....	78
Coronavirus.....	78
Limited Recourse on Default.....	79
Natural Disasters and Seismic Considerations.....	79
Sustainable Groundwater Management Act.....	81
Limitations on Remedies Available; Bankruptcy	81
Limited Obligations	82
Statutory and Regulatory Compliance	82
Parity Obligations	82
Loss of Tax Exemption.....	82
Secondary Market	83
Cybersecurity	83
CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.....	83
Article XIII B.....	83
Proposition 218	84
Proposition 26.....	85
Future Initiatives	86
CERTAIN LEGAL MATTERS	86
LITIGATION	86
TAX MATTERS.....	87
2020A Certificates	87
2020B Bonds.....	88
2020C Bonds.....	88
General.....	89
MUNICIPAL ADVISOR	90
RATINGS	90
UNDERWRITING	91
CONTINUING DISCLOSURE UNDERTAKING.....	92
MISCELLANEOUS	93
APPENDIX A – EL DORADO IRRIGATION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT AND COMPLIANCE REPORT	A-1
APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENT WITH RESPECT TO THE 2020A CERTIFICATES.....	B-1

TABLE OF CONTENTS
(continued)

	<i>Page</i>
APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENT WITH RESPECT TO THE 2020 BONDS.....	C-1
APPENDIX D – FORM OF OPINION OF SPECIAL COUNSEL WITH RESPECT TO THE 2020A CERTIFICATES.....	D-1
APPENDIX E – FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO THE 2020 BONDS.....	E-1
APPENDIX F – INFORMATION CONCERNING DTC.....	F-1
APPENDIX G – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE 2020A CERTIFICATES.....	G-1
APPENDIX H – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE 2020 BONDS.....	H-1

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 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.

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 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 refundings contemplated herein and the issuance of the 2020 Bonds, will be outstanding in the aggregate principal amount of approximately \$148,970,000 as further 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 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) above 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 payable from Net Revenues 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 to the District by the State Water Resources Control Board and the Department of Public Health of the State of California, 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 the District's outstanding Refunding Revenue Bonds, Series 2012A and a portion of the outstanding Refunding Revenue Bonds, Series 2014A, 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 refundings contemplated herein and the execution and delivery of the 2020A Certificates, will be outstanding in the aggregate principal amount of approximately \$148,970,000 as further described herein.

The Refunding Plan. A portion of the proceeds of the 2020B Bonds will be transferred to the State Water Resources Control Board and the Department of Public Health of the State of California, on or about the initial issuance of the 2020B Bonds to prepay certain outstanding loans of the District. A portion of the proceeds of the 2020C Bonds, together with certain other funds, will be transferred to MUFG Union Bank, N.A., as escrow agent, on or about the initial issuance of the 2020C Bonds, to refund the District's Refunding Revenue Bonds, Series 2012A and Series 2012B (Taxable) currently outstanding in the aggregate principal amount of \$26,145,000, and a portion of the Refunding Revenue Bonds, Series 2014A currently outstanding in the principal amount of \$97,605,000. 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) above 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 payable from Net Revenues 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 2020B Bonds are not subject to optional redemption but are subject extraordinary redemption as more fully described herein. The 2020C 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, 61 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 domestic, commercial, industrial and agricultural 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 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

\$61,080,000
REVENUE CERTIFICATES OF
PARTICIPATION, SERIES 2020A

\$5,600,000
REFUNDING REVENUE BONDS
SERIES 2020B

\$129,020,000
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’s Water System, and (ii) pay costs of delivery of the 2020A Certificates. See the captions “PLAN OF FINANCE—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’s Water System Revenues remaining after payment of District’s 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 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 refundings contemplated herein and the issuance of the 2020 Bonds, will be outstanding in the aggregate principal amount of approximately \$148,970,000 as further 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 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) above 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 payable from Net Revenues 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 to the District by the State Water Resources Control Board (the “SWRCB”) and the Department of Public Health of the State of California (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 the District’s outstanding Refunding Revenue Bonds, Series 2012A (the “2012A Bonds”) currently outstanding in the aggregate principal amount of \$25,925,000, and a portion of the currently outstanding Refunding Revenue Bonds, Series 2014A (the “2014A Bonds”) currently outstanding in the principal amount of \$97,605,000, and (ii) pay costs of issuance of the 2020C Bonds. On the date of issuance of the 2020C Bonds, the District will transfer available District funds to defease the District’s outstanding Refunding Revenue Bonds, Series 2012B (Taxable) (the “2012B Bonds”) outstanding in the aggregate principal amount of \$220,000. 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 refundings contemplated herein and the execution and delivery of the 2020A Certificates, will be outstanding in the aggregate principal amount of approximately \$148,970,000. See the caption “EL DORADO IRRIGATION DISTRICT—Other Outstanding Revenue Obligations.”

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) above 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 payable on from Net Revenues 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 2020B Bonds are not subject to optional redemption but are subject extraordinary redemption as more fully described herein. The 2020C Bonds are subject to optional redemption and extraordinary redemption as more fully 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, 2020 Trust Agreement, 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 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, Finance Director, El Dorado Irrigation District, 2980 Mosquito Road, Placerville, California 95667, Telephone: (530) 642-4140.

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

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 2019), and to provide notices of the occurrence of certain enumerated events. 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 Reports and the notice of enumerated 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 “THE WATER SYSTEM OF THE DISTRICT—Future Water System Improvements,” “—Projected Operating Results and Debt Service Coverage,” “THE WASTEWATER SYSTEM OF THE DISTRICT—Future Wastewater System Improvements,” “—Future Recycled Water System Improvements,” “—Projected Operating Results and Debt Service Coverage” 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 and 2014A Bonds, as described below. 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. On the date of issuance of the 2020C Bonds, the District will

deposit available District funds with the Escrow Agent to defease the outstanding 2012B Bonds, as described below.

Refunding of Loans. The 2020B Bonds are being issued to prepay nine loans made to the District by the SWRCB and one loan made by the Department of Public Health, outstanding in the aggregate principal amount of \$9,570,990.06. On or about 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 outstanding 2012A Bonds in the principal amount of \$25,925,000 (the “Refunded 2012A Bonds”) and redeem the Refunded 2012A Bonds maturing on and after March 1, 2023 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 principal and interest on the Refunded 2012A Bonds and redeem on March 1, 2022, the Refunded 2012A Bonds maturing on and after March 1, 2023 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, consisting of the 2012B Bonds maturing on March 1, 2021. The District plans to apply available District funds on the date of issuance of the 2020 Bonds to defease all \$220,000 principal amount of the 2012B Bonds. 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 available District funds to the Escrow Agent for deposit in the escrow fund established under the 2012B Escrow Agreement (the “2012B Escrow Fund”).

The Escrow Agent will invest 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, 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, 2029 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.

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 described above, if any, to pay when due, all interest and principal and the redemption price of the related series of refunded Bonds described above 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), and Folsom Lake Intake improvements and various flume replacements. Certain of such costs have previously been paid by the District and a portion of the proceeds of the 2020A Certificates are expected 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 in a timely manner and consistent with its expenditure of the 2020A Certificates proceeds described above.

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 WITH RESPECT TO THE 2020A CERTIFICATES—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE 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:

Sources:	2020A Certificates	2020B Bonds	2020C Bonds
Principal Amount	\$ 61,080,000.00	\$ 5,600,000.00	\$ 129,020,000.00
Plus Original Issue Premium	14,207,306.85	1,002,166.20	--
Transfers from Reserve Funds for SWRCB	--	3,093,399.69	
Loans ⁽¹⁾			
District Contribution ⁽²⁾	--	--	3,260,703.13
Total Sources	<u>\$ 75,287,306.85</u>	<u>\$ 9,695,565.89</u>	<u>\$ 132,280,703.13</u>
Uses:			
Transfer to SWRCB	--	\$ 9,665,829.20	--
Transfer to 2012A Escrow Fund	--	--	\$28,068,093.73
Transfer to 2012B Escrow Fund	--	--	227,975.00
Transfer to 2014A Escrow Fund	--	--	103,401,064.75
Deposit to Acquisition Fund	\$ 75,000,000.00	--	--
Underwriter's Discount	160,908.70	13,926.07	320,846.82
Deposit to Costs of Issuance Funds ⁽³⁾	<u>126,398.15</u>	<u>15,810.62</u>	<u>262,722.83</u>
Total Uses	<u>\$ 75,287,306.85</u>	<u>\$ 9,695,565.89</u>	<u>\$ 132,280,703.13</u>

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

⁽²⁾ Reflects: (i) a portion of the principal amount of and interest accrued on a portion of the 2012A Bonds and 2014A Bonds to be refunded to the date of delivery of the 2020 Bonds; and (ii) the amount required to defease the outstanding 2012B 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 \$61,080,000. 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 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 The Depository Trust Company, New York, New York ("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 in San Francisco, California (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 fifteenth day of the calendar month preceding such Payment Date (the "Record 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 August 15, 2020, 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 2020A 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 in the 2020 Trust Agreement 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 2020A 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, 2031 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, 2030, 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, 2045 are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on each March 1 on and after March 1, 2041 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>Prepayment Date (March 1)</i>	<i>Principal Amount</i>
2041	\$ 2,990,000
2042	3,115,000
2043	3,240,000
2044	3,375,000
2045 (maturity)	3,510,000

The 2020A Certificates with a stated maturity on March 1, 2050 are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on each March 1 on and after March 1, 2046 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>Prepayment Date</i> <i>(March 1)</i>	<i>Principal Amount</i>
2046	\$ 3,655,000
2047	3,805,000
2048	3,960,000
2049	4,120,000
2050 (maturity)	4,290,000

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 or provided through other electronically secure means to be determined by the District and communicated to the Trustee in writing, 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 \$5,600,000 and the 2020C Bonds will be issued in the aggregate principal amount of \$129,020,000. 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 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. 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 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.

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

No Optional Redemption of 2020B Bonds. The 2020B Bonds are not subject to optional redemption prior to maturity.

Optional Redemption of 2020C Bonds at Par. The 2020C Bonds maturing on and after March 1, 2031 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, 2030 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 March 1, 2030 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 the following make-whole call spread for the 2020C Bonds maturing on the dates set forth below, plus accrued and unpaid interest on the 2020C Bonds to be redeemed on the redemption date:

<i>Maturity Date</i>	<i>Make-Whole Call Spread (Basis Points)</i>
September 1, 2020 through March 1 2023, inclusive	10
March 1, 2024 and thereafter	25

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 2020C 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 2020C Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2020C 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 CERTAIN PROVISIONS OF THE INDENTURE— PARTICULAR COVENANTS—Insurance” and “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS 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 Installment Payments and payments of principal of and interest on the 2020 Bonds and payments with respect to other District Contracts and Bonds due during 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	\$ --	\$508,753	\$ --	\$52,889	\$561,642	\$ 1,770,000	\$507,440	\$2,277,440	\$ 18,425,519	\$ 21,264,601
2021	--	2,693,400	675,000	263,125	3,631,525	8,230,000	2,650,611	10,880,611	11,210,350	25,722,486
2022	--	2,693,400	730,000	228,000	3,651,400	3,660,000	2,610,793	6,270,793	11,446,675	21,368,868
2023	--	2,693,400	765,000	190,625	3,649,025	3,690,000	2,581,199	6,271,199	11,485,550	21,405,774
2024	--	2,693,400	720,000	153,500	3,566,900	3,725,000	2,545,014	6,270,014	11,492,450	21,329,364
2025	155,000	2,689,525	760,000	116,500	3,721,025	3,770,000	2,500,771	6,270,771	16,810,350	26,802,146
2026	265,000	2,679,025	690,000	80,250	3,714,275	3,825,000	2,448,204	6,273,204	16,815,350	26,802,829
2027	275,000	2,665,525	730,000	44,750	3,715,275	8,645,000	2,346,845	10,991,845	12,097,725	26,804,845
2028	530,000	2,645,400	530,000	13,250	3,718,650	8,805,000	2,187,855	10,992,855	12,092,475	26,803,980
2029	725,000	2,614,025	675,000	52,889	3,339,025	8,975,000	2,009,568	10,984,568	12,473,850	26,797,443
2030	3,245,000	2,514,775	--	--	5,759,775	6,600,000	1,846,235	8,446,235	12,597,100	26,803,110
2031	2,835,000	2,362,775	--	--	5,197,775	6,750,000	1,699,014	8,449,014	13,155,975	26,802,764
2032	2,385,000	2,232,275	--	--	4,617,275	6,905,000	1,542,292	8,447,292	13,736,725	26,801,292
2033	1,890,000	2,125,400	--	--	4,015,400	7,070,000	1,375,599	8,445,599	14,342,250	26,803,249
2034	1,345,000	2,044,525	--	--	3,389,525	7,250,000	1,197,628	8,447,628	14,967,450	26,804,603
2035	735,000	1,992,525	--	--	2,727,525	7,440,000	1,007,712	8,447,712	15,627,000	26,802,237
2036	0	1,974,150	--	--	1,974,150	7,645,000	805,107	8,450,107	16,302,625	26,726,882
2037	2,465,000	1,912,525	--	--	4,377,525	7,855,000	589,139	8,444,139	18,425,519	12,821,664
2038	2,590,000	1,786,150	--	--	4,376,150	8,085,000	361,089	8,446,089	11,210,350	12,822,239
2039	2,720,000	1,653,400	--	--	4,373,400	8,325,000	122,211	8,447,211	11,446,675	12,820,611
2040	2,860,000	1,513,900	--	--	4,373,900	--	--	--	--	4,373,900
2041	2,990,000	1,382,600	--	--	4,372,600	--	--	--	--	4,372,600
2042	3,115,000	1,260,500	--	--	4,375,500	--	--	--	--	4,375,500
2043	3,240,000	1,133,400	--	--	4,373,400	--	--	--	--	4,373,400
2044	3,375,000	1,001,100	--	--	4,376,100	--	--	--	--	4,376,100
2045	3,510,000	863,400	--	--	4,373,400	--	--	--	--	4,373,400
2046	3,655,000	720,100	--	--	4,375,100	--	--	--	--	4,375,100
2047	3,805,000	570,900	--	--	4,375,900	--	--	--	--	4,375,900
2048	3,960,000	415,600	--	--	4,375,600	--	--	--	--	4,375,600
2049	4,120,000	254,000	--	--	4,374,000	--	--	--	--	4,374,000
2050	4,290,000	85,800	--	--	4,375,800	--	--	--	--	4,375,800
Total	\$61,080,000	\$54,375,653	\$5,600,000	\$1,142,889	\$122,198,542	\$129,020,000	\$32,934,328	\$161,954,328	\$235,079,419	\$519,232,289

(Footnotes on following page)

⁽¹⁾ Contracts and Bonds include approximately \$148,970,000 aggregate principal amount in Parity Payments (excluding principal paid on March 1, 2020). 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) above 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 2020 Installment Purchase Agreement and the Indenture do not authorize the issuance of bonds or other obligations secured by Revenues on a senior basis to Bonds and Contracts (including the 2020 Installment Purchase Agreement and the 2020 Bonds). 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, 61 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 domestic, commercial, industrial and agricultural 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⁾ Represents the estimated contribution rate based on CalPERS fiscal year, which ends on June 30 of each year. 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.

CalPERS' earnings could 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 (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net Pension Liability/(Assets) (c)=(a)-(b)</i>
Balance at December 31, 2018 (Valuation Date)	\$ 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	(8,472,835)	(8,472,835)	-
Contributions			
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	<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% (6.15%)</i>	<i>Current Discount Rate (7.15%)</i>	<i>Discount Rate + 1% (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	-	(450,967)
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.

	June 30, 2017	June 30, 2018
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 \$1,584,116 and \$1,557,763, 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. The insurance coverage described above differs in certain respects from Note 8 to the District’s audited financial statements for Fiscal Year 2019 as a result of certain modifications to coverage amounts since the time such audited financial statements were prepared.

Other Outstanding Revenue Obligations

Pre-Existing Obligations. 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 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 \$148,970,000 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 2014A Bonds in the outstanding aggregate principal amount of \$10,950,000; (ii) 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 2016C Bonds in the outstanding aggregate principal amount of \$85,195,000; and (iv) installment payments in the outstanding aggregate principal amount of \$38,600,000 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). The District expects to refund the \$2,848,669.37 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.

For Fiscal Year 2019, the allocation of the 1% *ad valorem* property tax received by the District (the “1% Property Tax Revenues”) was \$13,144,883 compared to \$12,715,612 in 2018. 1% Property Tax Revenues as a percentage of the total revenues of the District averaged approximately 12.4% over the last five years. See the caption “INVESTMENT CONSIDERATIONS—Coronavirus.”

From time to time legislation has been considered as part of the State budget to shift the 1% 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 1% 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 1% Property Tax Revenues, cumulatively, over State fiscal years 2004-05 and 2005-06. Pursuant to the State fiscal year 2004-05 budget, such 1% Property Tax Revenues reverted to the District in State fiscal year 2006-07, however, the 1% 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 1% 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 1% 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 1% 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 1% 1% Property Tax Revenues between the Water Fund and the Sewer Fund on a year-to-year basis. The District allocated 1% Property Tax Revenues for the calendar year ended December 31, 2019 as shown in the table below. The Board of Directors has approved an allocation of 1% Property Tax Revenues between the Water and Wastewater Systems to reflect 75% to the Water System and 25% to the Wastewater System for Fiscal Year 2020.

**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 of 1% Property Tax Revenues received by the District 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 Revenues 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	\$32,484,822,679	\$324,868,302	\$320,675,565	98.71%	\$12,254,078
2018	30,625,366,116	306,273,737	302,874,099	98.89	12,057,024
2017	28,831,601,540	288,336,090	285,366,228	98.97	11,306,000
2016	27,332,536,500	273,345,440	270,475,313	98.95	10,477,222
2015	25,915,806,931	259,199,266	255,518,636	98.58	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 \$33,832,878,764, a 4.15% 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 development of property within the District will not decline from levels currently expected or 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 Superior 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 requested that USBR calculate the applicable repayment costs. The District awaits receipt of the repayment costs and has not yet made a request to USBR for formal conversion. 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. 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. Although the District maintained adequate water supplies during such period to serve customers at historic levels, the restrictions described below nevertheless applied to the District. 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 Year 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 2015 Executive Order and 2016 Executive Order 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 December 31</i>	<i>Total</i>
2019	63,500
2018	63,500
2017	63,500
2016	63,500
2015	63,500

Source: The District – 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 December 31</i>	<i>Total</i>
2020	63,500
2021	63,500
2022	63,500
2023	63,500
2024	63,500

Source: The District – 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.

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 May 2020, the District entered into an agreement with Westlands for the transfer of up to 8,000 acre-feet of water to Westlands in 2020. The ability to transfer such water is dependent on hydrological conditions and the foregoing conveyance restrictions. As a result, the District has not included any revenue from such water transfer agreement in the projected water sales revenue under caption “—Projected Water Sales Revenues” below.

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.

The District expects to continue to negotiate with potential buyers for a transfer of water in future years. 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. In the event the Board of Directors reduces or eliminates any of such approved rate increases, the District’s projected operating results set forth under the captions “—Projected Operating Results and Debt Service Coverage” and “FINANCIAL INFORMATION OF THE DISTRICT—Projected Operating Results and Debt Service Coverage” may be materially adversely affected.

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 District water accounts were 30 days delinquent, which represents approximately 0.11% of the total amounts billed for 2019. While the District has not undergone a full billing cycle since the Governor’s executive order with respect to the suspension of water service for non-payment 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 current and next four 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 Fiscal Year 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 and “INVESTMENT CONSIDERATIONS—Coronavirus.”

Projected Raw Water Deliveries

The District currently estimates that raw water deliveries for Fiscal Year 2020 through Fiscal Year 2024 will be as follows:

**El Dorado Irrigation District
Projected Raw Water Deliveries
In Acre-Foot 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⁽¹⁾</i>	<i>Increase/(Decrease)</i>
2020	\$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 previously approved rate increases 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 as required or permitted by the 2020 Installment Purchase Agreement and the Indenture.

**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	\$ 1,079,317	\$ 1,079,317
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
2014A 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
Net Revenues 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)

(Continued from previous page)

- (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⁽⁵⁾			
Personnel Expenses ⁽⁶⁾	\$ 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	\$ 1,079,317	\$ 1,079,317	\$ 1,079,317
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⁽⁷⁾			
2009A Installment Purchase Agreement	\$ 1,876,917	\$ 1,876,133	\$ 1,875,461
2010A Installment Purchase Agreement ⁽⁸⁾	446,530	446,530	446,530
2012A Bonds ⁽⁹⁾	2,614,050	2,619,692	2,620,205
2012B Bonds	128,356	126,208	126,516
2014 Bonds ⁽¹⁰⁾	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
Net Revenues 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.

⁽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.

(Footnotes continued on following page)

(Continued from previous page)

- (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) 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.
- (6) Excludes non-cash accrual of benefits related to pension and post-employment benefits.
- (7) Debt service payments allocated to the Water System.
- (8) 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.
- (9) 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.
- (10) 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 2014A 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 District's 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. In Fiscal Year 2019, 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 2014A 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 and without taking into account the issuance of the 2020A Certificates and the issuance of the 2020 Bonds, 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 2014A 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 2.16 times senior debt service coverage in Fiscal Year 2021, 1.80 in Fiscal Year 2022, 1.89 in Fiscal Year 2023 and 2.00 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. The table below does not take in account the effect of such projected prepayments.

**El Dorado Irrigation District
Water System
Projected Operating Results
Fiscal Year Ended December 31**

	2020 ⁽¹⁷⁾	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⁾	<u>\$ 539,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Pre-Existing Obligations	<u>\$ 539,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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⁾	\$ 2,246,758	\$ -	\$ -	\$ -	\$ -
2012B Bonds ⁽¹³⁾	124,917	-	-	-	-
2014A Bonds ⁽¹⁴⁾	2,346,234	408,156	593,287	588,461	591,853
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	508,753	2,693,400	2,693,400	2,693,400	2,693,400
2020B Bonds	52,889	938,125	958,000	955,625	873,500
2020C Bonds	1,280,331	6,116,862	3,525,314	3,525,543	3,524,877
Additional State Loans ⁽¹⁶⁾	<u>186,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Senior Debt Service	<u>\$ 13,308,876</u>	<u>\$ 17,338,549</u>	<u>\$ 14,851,651</u>	<u>\$ 14,893,348</u>	<u>\$ 14,813,159</u>
Senior Debt Service Coverage	1.79	1.76	1.42	1.48	1.57
Net Revenues Available for Capital Projects or Other Purposes	\$ 10,531,371	\$ 13,221,180	\$ 6,184,683	\$ 7,222,332	\$ 8,460,051

(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.” Includes water sales to City of Placerville at wholesale rates. See the caption “EL DORADO IRRIGATION DISTRICT—Service Area.”

(2) Represents facility capacity charges projected to be collected from operation of the Water System. Fiscal Year 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% (from 60%) to the Water System and 25% (from 40%) 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) Decreases beginning in Fiscal Year 2021-22 a result of projected termination of certain grants.
- (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 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 defease 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 2014A Bonds allocated to the Water System. Fiscal Year 2020 amount reflects prepayment from District reserves of principal of and interest on the 2014A 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 2014A 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.
- (16) Reflects payments under the DPH Contract which are on parity with the 2020 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."
- (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.

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 61 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 water consumption overall, mandatory water 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 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 water consumption by Wastewater System customers, 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 increases for 2021 and 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 2024. In the event the Board of Directors reduces or eliminates any of such approved rate increases, the District’s projected operating results set forth under the captions “—Projected Operating Results and Debt Service Coverage” and “FINANCIAL INFORMATION OF THE DISTRICT—Projected Operating Results and Debt Service Coverage” may be materially adversely affected.

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 District wastewater accounts were 30 days delinquent, which represents approximately 0.02% of the total amounts billed for 2019. While District has not undergone a full billing cycle since the Governor’s executive order with respect to the suspension of water service for non-payment 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 current and next four 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 Fiscal Year 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 and “INVESTMENT CONSIDERATIONS—Coronavirus.”

Projected Wastewater System Usage

The District currently estimates that Wastewater System usage for Fiscal Year 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 and rates and charges. 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 2024. 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	\$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

Source: The District.

The Recycled Water System

The District operates two recycled water plants and a recycled water 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 such 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: The District – 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	\$2,417,662	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>\$ 574,436</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 2024. In the event the Board of Directors reduces or eliminates any of such approved rate increases, the District’s projected operating results set forth under the captions “—Projected Operating Results and Debt Service Coverage” and “FINANCIAL INFORMATION OF THE DISTRICT—Projected Operating Results and Debt Service Coverage” may be materially adversely affected.

**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. While 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 current and 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 Fiscal Year 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: The 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 and “INVESTMENT CONSIDERATIONS—Coronavirus.”

Projected Recycled Water System Demand

The District currently estimates that Recycled Water System demand for Fiscal Year 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 “THE WATER SYSTEM OF THE DISTRICT—Response to Weather Conditions.”
Source: The District – 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 Fiscal Year 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 2024. 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 as required or permitted by the 2020 Installment Purchase Agreement and the Indenture.

**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
2014A 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
Net Revenues 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⁾	441,848	559,252	1,717,894
Total Revenues	<u>\$ 37,648,668</u>	<u>\$ 40,412,453</u>	<u>\$ 37,042,532</u>
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⁾	98,747	651,414	299,362
Total Operation and Maintenance Costs	<u>\$ 19,271,292</u>	<u>\$ 18,177,661</u>	<u>\$ 17,954,875</u>
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
2014A 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	1,564,870	1,564,870	1,412,730
Total Senior Debt Service	<u>\$ 8,667,073</u>	<u>\$ 8,670,957</u>	<u>\$ 8,523,538</u>
Senior Debt Service Coverage	2.12	2.56	2.24
Net Revenues 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 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 2014A Bonds due on the succeeding March 1, from District reserves. In Fiscal Years 2014 through 2018, 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 2014A 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 and without taking into account the issuance of the 2020A Certificates and the issuance of the 2020 Bonds, 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 2014A 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 2.92 times senior debt service coverage in Fiscal Year 2021, 3.07 in Fiscal Year 2022, 3.08 in Fiscal Year 2023 and 3.08 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. The table below does not take in account the effect of such projected prepayments.

**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⁾	\$ 1,668,136	\$ -	\$ -	\$ -	\$ -
2012B Bonds ⁽¹¹⁾	92,746	-	-	-	-
2014A Bonds ⁽¹²⁾	1,907,272	331,794	482,288	478,364	481,122
2016A Bonds	1,725,592	1,723,524	1,724,580	1,723,535	1,725,075
2016B Installment Purchase Agreement ⁽¹³⁾	-	-	-	-	-
2016C Bonds ⁽¹⁴⁾	1,564,870	1,564,870	1,564,870	1,564,870	1,564,870
2020A Installment Purchase Agreement ⁽¹⁵⁾	-	-	-	-	-
2020B Bonds ⁽¹⁶⁾	-	-	-	-	-
2020C Bonds	997,109	4,763,749	2,745,479	2,745,656	2,745,138
Additional State Loans	-	-	-	-	-
Total Senior Debt Service	<u>\$ 7,955,725</u>	<u>\$ 8,383,937</u>	<u>\$ 6,517,217</u>	<u>\$ 6,512,426</u>	<u>\$ 6,516,205</u>
Senior Debt Service Coverage	2.13	1.93	1.73	1.74	1.74
Net Revenues Available for Capital Projects or Other Purposes	\$ 8,968,285	\$ 7,829,091	\$ 4,770,757	\$ 4,792,805	\$ 4,805,272

(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% (from 60%) 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 Year 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 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 defease the outstanding 2012B Bonds from available District funds on the date of issuance of the 2020 Bonds. See the caption “PLAN OF FINANCE—The Refunding Plan.”
- (12) Portion of payments of principal of and interest on 2014A Bonds allocated to the Wastewater System. Fiscal Year 2020 amount reflects prepayment from District reserves of principal of and interest on the 2014A 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 2014A 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) Portion of payments of principal of and interest on 2016C Bonds allocated to the Wastewater System.
- (15) No amounts due under the 2020 Installment Purchase Agreement will be allocated to the Wastewater System.
- (16) No amounts due on the 2020B Bonds will be allocated to the Wastewater System.
- (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”) and the Auditor’s compliance report 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.

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 required or permitted by the 2020 Installment Purchase Agreement and the Indenture) and are qualified in their entirety by reference to such statements, including the notes thereto.

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 required or permitted by the 2020 Installment Purchase Agreement and the Indenture.

**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
2014A 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
Net Revenues 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)

(Continued from previous page)

- ⁽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	\$ 30,917,264	\$ 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	\$ 1,079,317	\$ 1,079,317	\$ 1,079,317
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	778,062
2012A Bonds ⁽⁷⁾	4,554,888	4,564,719	4,565,613
2012B Bonds	223,656	219,913	220,450
2014A 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
Net Revenues 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)

(Continued from previous page)

- (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 2014A 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 District’s 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 2014A Bonds due on March 1, 2020 from District reserves.

Without the foregoing prepayments and without taking into account the issuance of the 2020A Certificates and the issuance of the 2020 Bonds, 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 2014A 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 2.37 times senior debt service coverage in Fiscal Year 2021,

2.10 in Fiscal Year 2022, 2.17 in Fiscal Year 2023 and 2.26 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. The table below does not take in account the effect of such projected prepayments.

**El Dorado Irrigation District
Projected Operating Results
Fiscal Year Ended December 31**

	<i>2020⁽¹⁶⁾</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
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⁾	<u>2,549,214</u>	<u>2,362,575</u>	<u>1,856,032</u>	<u>1,869,583</u>	<u>1,883,231</u>
Total Revenues	\$ 95,936,360	\$ 103,390,499	\$ 90,686,761	\$ 93,534,237	\$ 96,511,412
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	<u>896,600</u>	<u>932,464</u>	<u>969,763</u>	<u>998,855</u>	<u>1,028,821</u>
Total Operation and Maintenance Costs	\$ 54,632,445	\$ 56,617,742	\$ 58,362,453	\$ 60,113,326	\$ 61,916,726
Net Revenues	\$ 41,303,915	\$ 46,772,757	\$ 32,324,308	\$ 33,420,911	\$ 34,594,685
Pre-existing Obligations					
Existing State Loans ⁽¹¹⁾	<u>\$ 539,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Pre-existing Obligations	\$ 539,659	\$ -	\$ -	\$ -	\$ -
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⁾	\$ 3,914,894	\$ -	\$ -	\$ -	\$ -
2012B Bonds ⁽¹³⁾	217,663	-	-	-	-
2014A Bonds ⁽¹⁴⁾	4,253,506	739,950	1,075,575	1,066,825	1,072,975
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	508,753	2,693,400	2,693,400	2,693,400	2,693,400
2020B Bonds	52,889	938,125	958,000	955,625	873,500
2020C Bonds	2,277,440	10,880,611	6,270,793	6,271,199	6,270,014
Additional State Loans ⁽¹⁵⁾	<u>186,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Senior Debt Service	\$ 21,264,601	\$ 25,722,486	\$ 21,368,868	\$ 21,405,774	\$ 21,329,364
Senior Debt Service Coverage	1.92	1.82	1.51	1.56	1.62
Net Revenues Available for Capital Projects or Other Improvements	\$ 19,499,655	\$ 21,050,271	\$ 10,955,440	\$ 12,015,137	\$ 13,265,323

(1) Based on projected water sales described under the caption "THE WATER SYSTEM OF THE DISTRICT—Projected Water Sales Revenues" and projected increases in retail water rates and charges described under the caption "THE WATER SYSTEM OF THE DISTRICT —Water System Rates and Charges." Includes water sales to City of Placerville at wholesale rates. See the caption "EL DORADO IRRIGATION DISTRICT—Service Area."

(2) Based on projected wastewater service charges described under the caption "THE WASTEWATER SYSTEM OF THE DISTRICT —Projected Wastewater Service Charge Revenues" and projected increases in retail wastewater rates and charges described under the caption "THE WASTEWATER SYSTEM OF THE DISTRICT —Wastewater System Rates and Charges."

(Footnotes continued on following page)

(Continued from previous page)

- (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% (from 60%) to the Water System and 25% (from 40%) 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 "THE WATER SYSTEM OF THE DISTRICT—Hydroelectric Revenues."
- (9) Includes revenues from Industrial Pretreatment Program and Cross Connection Program, a State-mandated wastewater and recycled water testing program. Decreases beginning in Fiscal Year 2021-22 a result of projected termination of certain grants.
- (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 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 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 defease the outstanding 2012B Bonds from available District funds on the date of issuance of the 2020 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 2014A 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 2014A Bonds from a portion of the proceeds of the 2020C Bonds. See the caption "PLAN OF FINANCE—The Refunding Plan."
- (15) Reflects payments under the DPH Contract which are on parity with the 2020 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."
- (16) 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 or in combination with other risk factors 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 on 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 generally 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. In the event that Wastewater System Revenues decrease as a result of reduced demand for Wastewater Service 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 Water System in order to pay any costs of the Wastewater 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 as described under 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.” There can be no assurance, however, that such rate increases will be implemented by the Board of Directors as currently adopted.

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 United States and California appears to have slowed dramatically in recent months. While economic activity in the County appears to not have slowed as dramatically as some areas around the United States, 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's 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 OF THE DISTRICT—Water Supply." Increases in Operation and Maintenance Costs 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."

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 numerous confirmed cases and deaths caused by 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. 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. On May 4, 2020, the Governor issued an Executive Order informing local health jurisdictions and industry sectors that they may gradually reopen under new modifications. The State is currently in the second phase of the Governor's four stage reopening plan, which among other things, allows for retail, logistics and manufacturing, offices and limited personal services to reopen under limited conditions.

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 and the effect of the federal, State and local responses thereto 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 central 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 maintains earthquake insurance as described under the caption “EL DORADO IRRIGATION DISTRICT— District Property and Liability Insurance,”

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 is delivered throughout the service area through to El Dorado Hills

There can be no assurance that fires will not occur within the boundaries of, or adjacent to, 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%. Although the District maintained adequate water supplies during such period to serve customers at historic levels, such restrictions nevertheless 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 was 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 2020 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 2020 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 2020 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 2020 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 2020 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 or the execution of additional Contracts could result in reduced Net Revenues available to pay the Installment Payments and the 2020 Bonds. The District has covenanted to use its best efforts to set rates and charges for Water Service and Wastewater Service, respectively, to maintain coverage of at least 125% of Debt Service allocable to the Water System and Wastewater System, respectively,, 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, the 2020 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 Fiscal Year, as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS—Rate Covenants.”

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 XIII C. Article XIII C 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 XIII C does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIII D referred to above are applicable to Article XIII C. Moreover, the provisions of Article XIII C are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn* Case that the provisions of Article XIII C 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 XIII C 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 XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (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 XIII D. 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 2020 Installment Purchase Agreement and the 2020 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 initial delivery of the 2020A Certificates and the 2020 Bonds, respectively.

Certain legal matters will be passed upon for the District and the Corporation by General Counsel to the District and the Corporation, 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.

Stradling Yocca Carlson & Rauth, a Professional Corporation, represents the District in connection with the execution and delivery of the 2020A Certificates and the issuance of the 2020 Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation represents the Underwriter from time-to-time on other financings and matters unrelated to the District, the 2020A Certificates or the 2020 Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation 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.

Except as discussed in this Official Statement, 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 Internal Revenue Code of 1986, as amended (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 Special 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 Special 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 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 of delivery of their respective opinions. 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 will render 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 execution and delivery of the 2020A Certificates and the issuance of 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 "AA-" (stable outlook) and that Moody's Investors Service, Inc. ("Moody's") will assign the 2020A Certificates and the 2020 Bonds the rating of "Aa3" (stable 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, S&P and Moody's 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 financial covenants in the 2020 Installment Purchase Agreement or the Indenture, 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 initial 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 15, 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 \$75,126,398.15 (representing the principal amount of the 2020A Certificates, less an Underwriter's discount of \$160,908.70, plus an original issue premium of \$14,207,306.85). 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 \$6,588,240.13 (representing the principal amount of the 2020B Bonds, less an Underwriter's discount of \$13,926.07, plus an original issue premium of \$1,002,166.20), and the 2020C Bonds for an aggregate purchase price of \$128,699,153.18 (representing the principal amount of the 2020C Bonds, less an Underwriter's discount of \$320,846.82). 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 2019) (the “Annual Reports”), and to provide notices of the occurrence of certain other enumerated events. 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 enumerated 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.

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 the Prior Continuing Disclosure Undertakings in the last five years in any material respect.

APPENDIX A

**EL DORADO IRRIGATION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT AND
COMPLIANCE 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.

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT PURCHASE AGREEMENT

DEFINITIONS

Definitions. Unless the context otherwise requires, the terms defined in the Installment Purchase Agreement will for all purposes of the Installment Purchase Agreement and of any amendment of the Installment Purchase Agreement or supplement to the Installment Purchase Agreement and of any report or other document mentioned in the Installment Purchase Agreement or therein have the meanings defined in the Installment Purchase Agreement, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined in the Installment Purchase Agreement. Unless the context otherwise requires, all capitalized terms used in the Installment Purchase Agreement and not defined in the Installment Purchase Agreement 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 the Installment Purchase Agreement.

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 the Installment Purchase Agreement, including the 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 \$61,080,000 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 later 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 the Installment Purchase Agreement, and the 2016 Installment Purchase Agreement 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 will, 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 will 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 will 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 will 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 will 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 will 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.

Event of Default

The term “Event of Default” means any of the events specified in the Installment Purchase Agreement.

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 will 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 later 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 to the Installment Purchase Agreement. 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.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means the 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 therewith.

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 the Installment Purchase 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.

Project

The term “Project” means certain facilities within the Water System and Wastewater System of the District described in the Installment Purchase Agreement.

Purchase Price

The term “Purchase Price” means the principal amount plus interest thereon owed by the District to the Corporation under the terms of the Installment Purchase Agreement as provided in the Installment Purchase Agreement.

Revenue Fund

The term “Revenue Fund” means enterprise funds Water (310), Wastewater (410), Recycled Water (510), Hydroelectric (610), and Recreation (710), together with other accounts in existence which Revenues are deposited or created in the future by the Board of Directors into which Revenues will be deposited and continued pursuant to the Installment Purchase Agreement.

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 the Installment Purchase Agreement 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 of the Installment Purchase Agreement, and including all additions, betterments, extensions and improvements to such wastewater treatment system or any part thereof later 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) above,

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 of the Installment Purchase Agreement, and including all additions, betterments, extensions and improvements to such water system and hydroelectric facilities or any part thereof later 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) above,

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.

REPRESENTATIONS AND WARRANTIES

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 the Installment Purchase Agreement and carry out its obligations under the Installment Purchase Agreement, to carry out and consummate all other transactions contemplated by the Installment Purchase 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 the Installment Purchase Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the Project under the terms of the Installment Purchase 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 the Installment Purchase Agreement.

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 the Installment Purchase Agreement and to carry out and consummate all transactions contemplated by the Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of the Installment Purchase Agreement.

(b) The execution and delivery of the Installment Purchase Agreement and the consummation of the transactions therein 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 the Installment Purchase Agreement being included in the gross income of the Certificate Owners or their assigns for purposes of federal or State of California income taxation.

ACQUISITION OF THE PROJECT

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

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

Acquisition and Construction of the Project. The Corporation 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 will enter into contracts and provide for, as agent of the Corporation, the complete construction, acquisition and installation of the Project. The District 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 expressly understood and agreed that the Corporation will 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 will be paid by the District, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Changes to the Project. The District may substitute other improvements for those listed as components of the Project in the Installment Purchase Agreement, 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 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.

Acquisition Fund. There is established with the District the Acquisition Fund. The District will deposit moneys received from the proceeds of the Certificates into the Acquisition Fund.

The moneys in the Acquisition Fund will be held by the District in trust and moneys therein will 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 will cause to be filed with the Director of Finance of the District a Written Requisition of the District in the form set forth in the Installment Purchase Agreement.

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 will have been constructed and acquired in accordance with the Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), will 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 will 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 will be certified to the Director of Finance of the District by the District) to the Trustee which will transfer such amounts to the Certificate Payment Fund for deposit by the Trustee in the Certificate Payment Fund.

INSTALLMENT PAYMENTS

Purchase Price.

(a) The Purchase Price to be paid by the District under the Installment Purchase Agreement to the Corporation is the sum of the principal amount of the District's obligations thereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date of the Installment

Purchase Agreement over the term thereof, subject to prepayment as provided in the Installment Purchase Agreement.

(b) The principal amount of the payments to be made by the District under the Installment Purchase Agreement is set forth in the Installment Purchase Agreement.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in the Installment Purchase Agreement, and will be paid by the District as and constitute interest paid with respect to the principal amount of the District's obligations under the Installment Purchase Agreement.

Installment Payments. The District will, subject to any rights of prepayment provided in the Installment Purchase Agreement, 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 the Installment Purchase Agreement.

Each Installment Payment will 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 the Installment Purchase Agreement, such payment will continue as an obligation of the District until such amount will 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 the Installment Purchase Agreement, the obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as the Purchase Price will have been paid in full (or provision for the payment thereof will have been made pursuant to the Installment Purchase Agreement), the District will not discontinue or suspend any Installment Payments required to be made by it under the Installment Purchase Agreement 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 will not be subject to reduction whether by offset or otherwise and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

SECURITY

Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District agrees and covenants that all Revenues will be received by the District in trust thereunder and will be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is 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 will be used and applied by the District as provided in the Installment Purchase Agreement.

The District will, 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. Thereafter all remaining moneys in the Revenue Fund will 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 will be held in trust and will be applied, used and withdrawn only for the purposes set forth in the Installment Purchase Agreement.

(a) Installment Payments. Not later than each Installment Payment Date, the District will, from the moneys in the Revenue Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date. The District will 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 will, 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 the Installment Purchase 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.

Investments. All moneys held by the District in the Revenue Fund and Acquisition Fund will be invested in Permitted Investments and the investment earnings thereon will remain on deposit in such fund, except as otherwise provided in the Installment Purchase Agreement.

COVENANTS OF THE DISTRICT

Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Installment Payments in strict conformity with the terms of the Installment Purchase Agreement, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 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 therein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected with the Installment Purchase Agreement 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 the Installment Purchase Agreement that, subject to the Installment Purchase Agreement, each of the agreements, conditions, covenants and terms contained in the Installment Purchase 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.

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 in the Installment Purchase Agreement. The District may at any time, or from time to time, execute Contracts or issue Bonds as permitted therein 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 will be subordinate in all respects to the pledge of and lien thereon provided in the Installment Purchase Agreement.

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 under the Installment Purchase Agreement 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 in the Installment Purchase Agreement will 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.

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.

Tax Covenants. Notwithstanding any other provision of the Installment Purchase 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 in the Installment Purchase Agreement.

The Installment Purchase Agreement and the covenants set forth therein will not be applicable to, and nothing contained therein will 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.

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.

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 under the Installment Purchase Agreement 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.

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.

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 will be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System or Wastewater System, respectively. The District will begin such reconstruction, repair or replacement promptly after such damage or destruction will occur, and will continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and will pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same will be completed and the Water System and Wastewater System will 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 will be applied in part to the prepayment of Installment Payments as provided in the Installment Purchase Agreement 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 thereby 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 will be applied to the prepayment of Installment Payments as provided in the Installment Purchase Agreement and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance as it will deem advisable or necessary to protect its interests and the interests of the Corporation, which insurance will 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.

Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries will be made of all transactions relating to the District, which records will 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.

Protection of Security and Rights of the Corporation. The District will preserve and protect the security of the Installment Purchase Agreement and the rights of the Corporation to the Installment Payments under the Installment Purchase Agreement and will warrant and defend such rights against all claims and demands of all persons.

Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may be lawfully imposed upon the Water System, Wastewater System, or any part thereof or upon the Revenues when the same will 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 will not be required to comply with any regulations or requirements so long as the validity or application thereof will be contested in good faith.

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.

Eminent Domain Proceeds. If all or any part of the Water System or Wastewater System will be taken by eminent domain proceedings, the Net Proceeds thereof will 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 under the Installment Purchase Agreement will not be substantially impaired (which determination will be final and conclusive), then the District will promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds will 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 will be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds will be applied by the District in part to the prepayment of Installment Payments as provided in the Installment Purchase Agreement 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.

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 of the Installment Purchase Agreement and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it in the Installment Purchase Agreement.

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 later entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the District to pay Installment Payments.

Continuing Disclosure. The District 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 the Installment Purchase Agreement, failure of the District to comply with the Continuing Disclosure Certificate will 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 the Installment Purchase Agreement. For purposes of the Installment Purchase Agreement, "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.

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.

PREPAYMENT OF INSTALLMENT PAYMENTS

Prepayment.

(a) The District may or will, as the case may be, prepay from the Net Proceeds as provided in the Installment Purchase Agreement 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, 2031 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, 2030 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 will not be relieved of its obligations under the Installment Purchase Agreement, including its obligations under the Installment Purchase Agreement, until the Purchase Price will have been fully paid (or provision for payment thereof will have been provided to the written satisfaction of the Corporation).

Method of Prepayment. Before making any prepayment pursuant to the Installment Purchase Agreement, 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 will 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 will be the next Interest Payment Date with respect to which notice of prepayment may be timely given pursuant to the Trust Agreement.

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

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

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

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

(c) if default is made by the District in the observance of any of the other covenants, agreements or conditions on its part in the Installment Purchase Agreement if such default has continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, has 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 will not be an Event of Default under the Installment Purchase Agreement;

(d) if the District files 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 will 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 assumes 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 will, 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 will become immediately due and payable, anything contained in the Installment Purchase Agreement 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 will have been so declared due and payable and before any judgment or decree for the payment of the moneys due will have been obtained or entered the District will 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) will have been made good or cured to the satisfaction of the Corporation or provision deemed by the Corporation to be adequate will 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 will extend to or will affect any subsequent default or will impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in the Installment Purchase Agreement, all Revenues thereafter received will 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 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 will 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 will 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 will 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 will exist any remainder after the foregoing payments, such remainder will be paid to the District.

Other Remedies of the Corporation. The Corporation will 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 in the Installment Purchase Agreement;
- (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 in the Installment Purchase Agreement, the Corporation will 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 thereunder will result in the loss of the Project, the Water System or Wastewater System or other assets of the District.

Non-Waiver. Nothing in the Installment Purchase Agreement or in any other provision thereof will 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 therein pledged for such payment, or will 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 in the Installment Purchase Agreement.

A waiver of any default or breach of duty or contract by the Corporation will 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 will impair any such right or remedy or will 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 the Installment Purchase Agreement may be enforced and exercised from time to time and as often as will 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 will be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy in the Installment Purchase Agreement conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy will be cumulative and will be in addition to every other remedy given thereunder or now or later 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 will be restored to their former positions.

DISCHARGE OF OBLIGATIONS

Discharge of Obligations.

- (a) When all or any portion of the Installment Payments have become due and payable in accordance with the Installment Purchase Agreement or a written notice of the District to prepay all or any portion of the Installment Payments will have been filed with the Trustee; and

(b) there has 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 has been made for paying all fees and expenses of the Trustee,

then and in that event, the right, title and interest of the Corporation in the Installment Purchase Agreement and the obligations of the District under the Installment Purchase Agreement will, 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 will cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and will 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 will 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 to the Installment Purchase Agreement 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 will continue to be held by the Trustee in trust for the payment of the Installment Payments and will be applied by the Trustee to the payment of the Installment Payments of the District.

MISCELLANEOUS

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 in the Installment Purchase Agreement, the District will 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 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.

Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained in the Installment Purchase Agreement, 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 to the Installment Purchase Agreement, and any agreement or covenant required therein to be performed by or on behalf of the District or the Corporation will be for the sole and exclusive benefit of the other party.

Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Corporation is named or referred to in the Installment Purchase Agreement, such reference will 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 by the Installment Purchase Agreement to be performed by or on behalf of the District or the Corporation will bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Waiver of Personal Liability. No director, officer or employee of the District will be individually or personally liable for the payment of the Installment Payments, but nothing contained in the Installment Purchase Agreement will relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement.

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

Assignment. The Installment Purchase Agreement and any rights thereunder may be assigned by the Corporation, as a whole or in part, without the necessity of obtaining the prior consent of the District.

Net Contract. The Installment Purchase Agreement will be deemed and construed to be a net contract, and the District will pay absolutely net during the term thereof the Installment Payments and all other payments required thereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

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

Amendments Permitted. The Installment Purchase 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 to the Installment Purchase Agreement which will 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, will have been filed with the Trustee. No such modification or amendment will (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 the Installment Purchase 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.

The Installment Purchase 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 to the Installment Purchase Agreement which will 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 the Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power in the Installment Purchase Agreement reserved to or conferred upon the Corporation or the District, and which will not adversely affect the interests of the Owners of the Certificates;

(b) to cure, correct or supplement any ambiguous or defective provision contained in the Installment Purchase Agreement or in regard to questions arising under the Installment Purchase Agreement, as the Corporation or the District may deem necessary or desirable and which will 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.

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

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

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

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

Certificate Payment Fund. The term “Certificate Payment Fund” means the fund by that name established in the Trust Agreement.

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

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

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 the Trust Agreement.

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 the Trust Agreement.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates theretofore, or thereupon being, executed and delivered by the Trustee under the Trust 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 the Trust Agreement; (3) Certificates in lieu of or in substitution for which other Certificates will have been executed and delivered by the Trustee pursuant to the Trust Agreement; and (4) Certificates paid in accordance with the last sentence of the Trust Agreement.

Owner; Certificate Owner. The term “Owner” or “Certificate Owner,” whenever used in the Trust Agreement 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 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 the Trust 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 the Trust Agreement.

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 the Trust Agreement.

Principal Fund. The term “Principal Fund” means the fund by that name established in the Trust Agreement.

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

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 the Trust Agreement, each Statement of the Corporation or District will include the statements provided for in the Trust Agreement.

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 thereunder, as provided in the Trust Agreement.

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 under the Trust Agreement, 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 the Trust 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 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 the Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties to the Trust Agreement are now duly empowered to execute and enter into the Trust Agreement.

CERTIFICATES; TERMS AND PROVISIONS

Certificate Registration Books. The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Certificates, which will 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 will, under then customary and standard regulations, register or transfer or cause to be registered or transferred, on said books, Certificates as provided in the Trust Agreement.

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

Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate will become mutilated, the Trustee will 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 will be canceled by it and disposed of, in accordance with its then customary practices. If any Certificate will 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 will be given indemnifying the Trustee, the Corporation and the District, the Trustee, at the expense of the Certificate Owner, will 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 the Trust Agreement and of the expenses which may be incurred by the Trustee under the Trust Agreement. Any Certificate executed under the provisions of the Trust Agreement in lieu of any Certificate alleged to be lost, destroyed or stolen will be equally and proportionately entitled to the benefits of the Trust Agreement with all other Certificates secured by the Trust Agreement. The Trustee will 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 under the Trust Agreement or for the purpose of determining any percentage of Certificates Outstanding thereunder, but both the original and replacement Certificate will be treated as one and the same. Notwithstanding any other provision of the Trust Agreement, 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.

Book-Entry System.

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 will execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations will 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 will 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 will take such other actions, not inconsistent with the Trust Agreement, as are reasonably necessary to qualify Book-Entry Certificates for the Depository's book-entry program.

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 will 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 the Trust Agreement. If the District fails to identify another qualified securities depository to replace the Depository, then the Certificates will no longer be restricted to being registered in such Certificate register in the name of the Nominee, but will be registered in whatever name or names the Owners transferring or exchanging such Certificates will designate, in accordance with the provisions of the Trust Agreement.

Payments To Depository. Notwithstanding any other provision of the Trust 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 will 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 in the Trust Agreement.

Transfer of Certificates to Substitute Depository.

(i) The Certificates will be initially executed and delivered as provided in the Trust Agreement. 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) below ("Substitute Depository"); provided that any successor of DTC or Substitute Depository will 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 will 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) above, 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 will prepare or cause to be prepared, will 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) above, 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 will prepare or cause to be prepared, will 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 the Trust Agreement, provided that the Trustee will 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) will 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 will not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) The District and the Trustee will be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of the Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee will 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 will 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.

VALIDITY OF CERTIFICATES

Validity of Certificates. The validity of the execution and delivery of the Certificates is not dependent on and will 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 the Trust 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 will be conclusive evidence of their validity and of compliance with the provisions of law in their delivery.

PREPAYMENT OF CERTIFICATES

Partial Prepayment of Certificate. Upon surrender of any Certificate prepaid in part only, the Trustee will 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.

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 will, 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 will cease to accrue, said Certificates (or portions thereof) will cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of said Certificates will 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 the Trust Agreement will be canceled upon surrender thereof and disposed of by the Trustee, in accordance with its then customary practices.

INSTALLMENT PAYMENTS

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

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

Certificate Payment Fund. There is 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) will be retained therein except as expressly provided in the Trust Agreement.

The Trustee will transfer from the Certificate Payment Fund the following amounts at the times and in the manner provided in the Trust Agreement, and will deposit such amounts in one or more of the following respective funds, each of which the Trustee will establish and maintain and hold in trust separate and apart from other funds held by it, and each of which will be disbursed and applied only as authorized in the Trust Agreement. Such amounts will 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 August, 2020), will 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 is 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 provided in the Trust Agreement, moneys in the Interest Fund will 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 the Trust Agreement).

(b) Principal Fund. The Trustee, on the last Business Day before each March 1 (commencing on the last Business Day of February, 2021), will 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 is 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 provided in the Trust Agreement, moneys in the Principal Fund will 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 the Trust Agreement and paid by the District pursuant to the Installment Purchase Agreement will 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 the Installment Purchase Agreement. Said moneys will be set aside in the Prepayment Fund solely for the purpose of prepaying the Certificates in advance of their respective stated maturities and will be applied on or after the date specified for prepayment pursuant to the Trust Agreement to the payment of the Prepayment Price with respect to the Certificates to be prepaid upon presentation and surrender of such Certificates.

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 will 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 will be credited to such fund.

In the absence of written investment direction from the District, the Trustee will invest moneys held by it solely in Permitted Investments specified in clause (d) of the definition thereof; provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee will 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 will hold such moneys uninvested. Except as otherwise expressly provided in the Trust Agreement, investments will 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 will be restored no later than the succeeding annual valuation date. The Trustee will also value investments under the Trust Agreement 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 the Trust Agreement, the Trustee may sell or present for prepayment any obligations so purchased at the written direction of the District whenever it will be necessary in order to provide moneys to meet any payment, and the Trustee will 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 the Trust Agreement. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and will be entitled to its customary fee therefor. The Trustee may commingle any of the funds or accounts established pursuant to the Trust Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee thereunder will be accounted for separately notwithstanding such commingling.

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 irrevocably pledged to the Owners of the Certificates as provided in the Trust Agreement. This pledge will 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 of the Trust Agreement and of the Installment Purchase Agreement.

Rebate Fund.

(a) Establishment. The Trustee will 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 will cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Trust Agreement and the Tax Certificate. All money at any time deposited in the Rebate Fund will 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 will be governed by the Trust Agreement 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 will be deemed conclusively to have complied with the provisions of the Trust Agreement and the Tax Certificate if the Trustee follows the directions of the District and the Trustee will 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 the Trust Agreement.

(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 will 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 will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Trust Agreement.

(ii) Annual Transfer. Within fifty-five (55) days of the end of each Certificate Year, upon the written Request of the District, an amount will 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 will equal the amount of Rebatable Arbitrage so calculated in accordance with the Trust Agreement. 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 will withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee will 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 will 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 the Trust Agreement will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T, or will 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 the Trust Agreement to the contrary, the obligation to comply with the requirements of the Trust Agreement will survive the defeasance or payment in full of the Certificates.

COVENANTS

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.

Budgets. On or prior to the fifteenth day of each Fiscal Year, the District will 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.

Tax Covenants. Notwithstanding any other provision of the Trust 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 in the Trust Agreement.

The Trust Agreement and the covenants set forth therein will not be applicable to, and nothing contained therein will 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.

Accounting Records and Reports. The Trustee will keep or cause to be kept proper books of record and account in which complete and correct entries will be made of all transactions made by it relating to the receipts, disbursements, allocation and application of the Installment Payments, and such books will 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 will furnish to the District a statement covering receipts, disbursements, allocation and application of amounts on deposit in the funds and accounts created thereunder 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.

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 the Trust Agreement, and the District will not suffer or permit any default by it to occur under the Trust Agreement, but will faithfully observe and perform all the covenants, conditions and requirements of the Trust Agreement.

Observance of Laws and Regulations. To the extent necessary to assure their performance under the Trust Agreement, the Corporation and the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or later 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 later 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 will be maintained and preserved, and will not become abandoned, forfeited or in any manner impaired.

Compliance with Contracts. The District will 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.

Prosecution and Defense of Suits. The District will 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 later developing, will prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and will 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 will 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 the Trust 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 will 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 will 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 the Trust Agreement. The District will 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 the Trust Agreement or the Certificates.

Recordation and Filing. The Trustee, upon written Request of the District, will 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 the Trust 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 the Trust Agreement) do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of the Trust Agreement and the Assignment Agreement; it being understood that the Trustee shall have no obligation to so preserve, protect and perfect except upon such written direction of the District.

Notwithstanding anything to the contrary above, the Trustee will 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 the Trust Agreement.

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

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 the Trust Agreement.

DEFAULT AND LIMITATION OF LIABILITY

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 will, 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.

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 will constitute a default under the Trust Agreement, 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 will 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 the Installment Purchase Agreement, the Trustee will apply all moneys received as Installment Payments and all moneys held in any fund or account under the Trust Agreement 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.

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 in the Trust Agreement;

(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 under the Trust Agreement to require the District and its directors, officers and employees to account as the trustee of an express trust.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee will 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 will impair any such right or remedy or will 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 the Trust Agreement may be enforced and exercised from time to time and as often as will 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 will be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy in the Trust Agreement conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy will be cumulative and will be in addition to every other remedy given thereunder or now or later 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.

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 in the Trust Agreement, the District will have no obligation or liability to the Owners of the Certificates with respect to the Trust 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 the Trust Agreement will affect the rights, duties or obligations of the Trustee expressly set forth in the Trust Agreement.

Trustee Appointed Agent for Certificate-Owners: Direction of Proceedings. The Trustee is appointed the agent and attorney of the Owners of all Certificates outstanding under the Trust Agreement for the purpose of filing any claims relating to the Certificates. The Owners of a majority in aggregate principal amount of the Certificates Outstanding thereunder will, 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 will be in accordance with law and the provisions of the Trust Agreement and that the Trustee will 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.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, will have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Trust Agreement, 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 the Trust Agreement, it will have full power, in the exercising of its rights thereunder 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 will not, unless there no longer continues an Event of Default under the Trust Agreement, 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 thereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

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

Such notification, request, tender or indemnity and refusal or omission are declared by the Trust Agreement, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy under the Trust Agreement; it being understood and intended that no one or more Owners of Certificates will have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement will be instituted, had and maintained in the manner therein 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 provided in the Trust Agreement, 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, will not be impaired or affected without the consent of such Owner, notwithstanding the provisions of the Trust Agreement.

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

No Liability to Owners for Payment. The Corporation will 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 in the Trust Agreement. Except as provided in the Trust Agreement, the Trustee will 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 in the Trust Agreement.

No Responsibility for Sufficiency. The Trustee will not be responsible for the sufficiency of the Trust 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 will 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 the Trust Agreement.

Indemnification of Trustee. The District will 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 under the Trust Agreement 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 the Trust Agreement. Such indemnity will survive payment of the Certificates and discharge of the Trust Agreement or resignation or removal of the Trustee.

THE TRUSTEE

Employment of Trustee. In consideration of the recitals set forth in the Trust Agreement and for other valuable consideration, the District 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 the Trust 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 provided in the Trust Agreement and subject to the terms and conditions of the Trust Agreement.

Acceptance of Employment. In consideration of the compensation provided for in the Trust Agreement, the Trustee accepts the employment above referred to subject to the terms and conditions of the Trust Agreement.

Trustee: Duties, Removal and Resignation. By executing and delivering the Trust Agreement, the Trustee accepts the duties and obligations of the Trustee provided in the Trust Agreement, but only upon the terms and conditions set forth in the Trust 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 will 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 the Trust Agreement the combined capital and surplus of such bank or trust company will 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 will 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 will become effective upon written acceptance of appointment by the successor Trustee.

Compensation of the Trustee. The District will from time to time, subject to any agreement in effect with the Trustee, pay to the Trustee compensation for its services and will 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 under the Trust Agreement. Such compensation and reimbursement will be paid by the District; provided, however, that the Trustee will not otherwise have any claims, except in accordance with 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 under the Trust Agreement but may take whatever legal actions are lawfully available to it directly against the District. The obligations of the District under the Trust Agreement will survive resignation or removal of the Trustee and payment of the Certificates and discharge of the Trust Agreement.

Protection of the Trustee. The Trustee will be protected and will 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 will 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 the Trust Agreement, and the Trustee will 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 will 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 will be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate will 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 will be full and complete

authorization and protection in respect of any action taken or suffered by it thereunder in good faith in accordance therewith.

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

The Trustee may buy, sell, own, hold and deal in any of the Certificates provided pursuant to the Trust 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 the Trust 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 under the Trust Agreement.

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

The recitals, statements and representations by the District or the Corporation contained in the Trust Agreement or in the Certificates will 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 will 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 the Trust Agreement and no implied duties or obligations will be read into the Trust Agreement against the Trustee.

No provision in the Trust Agreement will require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder if it will 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 created by the Trust Agreement, 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 the Trust Agreement will look only to the funds and accounts held by the Trustee under the Trust Agreement for payment except as otherwise provided in the Trust Agreement. Under no circumstances will 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 will the Trustee be liable for incidental, indirect, special, punitive or consequential

damages in connection with or arising from the Installment Purchase Agreement or the Trust Agreement for the existence, furnishing or use of the Project.

The Trustee will not be deemed to have knowledge or notice (in each case either actual or constructive) of any Event of Default under the Trust Agreement or under the Installment Purchase Agreement unless and until it will have actual knowledge thereof or have received written notice thereof at its Designated Corporate Trust Office at the address set forth in the Trust Agreement. The Trustee will, 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 will, 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 the Trust Agreement, and no implied covenants or duties will be read into the Trust Agreement against the Trustee.

The Trustee will 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 the Trust Agreement.

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

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 will 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 the Trust Agreement), will be the successor to the Trustee without the execution or filing of any paper or further act, anything therein to the contrary notwithstanding.

AMENDMENT OF TRUST AGREEMENT

Amendments Permitted.

(a) The Trust 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 to the Trust Agreement which will 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, will have been filed, provided, however, that no such modification or amendment will (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 the Trust Agreement, or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

(b) The Trust 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 to the Trust Agreement which will 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 the Trust Agreement other covenants and agreements thereafter to be observed or to surrender any

right or power therein reserved to or conferred upon the Corporation or the District, and which will not adversely affect the interests of the Owners of the Certificates;

(ii) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement, as the Corporation or the District may deem necessary or desirable and which will 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.

Endorsement or Replacement of Certificates After Amendment or Supplement. After the effective date of any action taken as provided in the Trust Agreement, 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 will be made on such Certificate. If the Trustee will so determine, new Certificates so modified as in the opinion of the Trustee will be necessary to conform to such action will be prepared, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificates such new Certificates will 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.

Amendment of Particular Certificates. The provisions of the Trust Agreement will 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.

DEFEASANCE

Discharge of Trust Agreement. When the obligations of the District under the Installment Purchase Agreement will cease pursuant to 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 the Trust Agreement), then and in that case the obligations created by the Trust Agreement will 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 in the Trust Agreement which will 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 set forth in the Trust Agreement, and subject to application of moneys on deposit in the Rebate Fund as provided in the Trust Agreement, the Trustee will turn over to the District, after provision for payment of amounts due the Trustee thereunder, 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 will continue to be held by the Trustee in trust for the benefit of the Owners and will 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, the Trust Agreement will 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 provided in the Trust Agreement, the Trustee will within thirty (30) days after such moneys or Permitted Investments will 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 the Trust Agreement, 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 the Trust Agreement has been released in accordance with the provisions of the Trust Agreement.

Deposit of Money or Securities with Trustee. Whenever in the Trust 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 the Trust Agreement and will 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 will have been given as provided in the Trust Agreement or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount to be deposited or held will 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 will have been given as provided the Trust Agreement or provision satisfactory to the Trustee will have been made for the giving of such notice;

provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of the Trust 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.

Unclaimed Moneys. Anything contained in the Trust Agreement 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, will 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 will thereupon be released and discharged with respect thereto and the Owners will 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 will, at the Written Request of the District and at the 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 will 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.

MISCELLANEOUS

Benefits of Trust Agreement Limited to Parties. Nothing contained in the Trust Agreement, 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 to the Trust Agreement, and any agreement, condition, covenant or term required therein to be observed or performed by or on behalf of the District will be for the sole and exclusive benefit of the Trustee, the Corporation and the Owners.

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 in the Trust Agreement, such reference will 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 by the Trust Agreement to be observed or performed by or on behalf of the District, the Corporation or the Trustee or any officer thereof will bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required in the Trust Agreement 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 the Trust Agreement.

Any declaration, request or other instrument in writing of the Owner of any Certificate will 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.

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) will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided for in the Trust Agreement, and will not be entitled to consent to or take any other action provided for in the Trust Agreement.

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

Waiver of Personal Liability. No director, officer or employee of the District or the Corporation will 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 in the Trust Agreement will 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 by the Trust Agreement.

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

Funds and Accounts. Any fund required by the Trust 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 will 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.

Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required in the Trust Agreement to be observed or performed by or on the part of the District, the Corporation or the Trustee will be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms will be null and void and will be deemed separable from the remaining

agreements, conditions, covenants and terms of the Trust Agreement and will in no way affect the validity thereof or of the Certificates, and the Owners will retain all the benefit, protection and security afforded to them under any applicable provisions of law. The District, the Corporation and the Trustee declare that they would have executed the Trust Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase thereof and would have authorized the execution and delivery of the Certificates pursuant to the Trust Agreement irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases thereof or the application thereof to any person or circumstances may be held to be unconstitutional, unenforceable or invalid.

California Law. THE AGREEMENT WILL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Business Day. When any action is provided for in the Trust Agreement 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.

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.

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Definitions. Unless the context otherwise requires, the terms defined in the Indenture will, for all purposes of the Indenture and of any indenture supplemental to the Indenture and of any certificate, opinion or other document mentioned in the Indenture, have the meanings specified in the Indenture, to be equally applicable to both the singular and plural forms of any of the terms defined in the Indenture.

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.

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.

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

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

2020 Bonds. The term “2020 Bonds” means collectively, the 2020B Bonds and the 2020C Bonds issued under the Indenture.

2020 Installment Purchase Agreement. The term “2020 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 and as it may from time to time be amended or supplemented in accordance therewith.

2020B Bonds. The term “2020B Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds Series 2020B issued under the Indenture.

2020C Bonds. The term “2020C Bonds” means the El Dorado Irrigation District Refunding Revenue Bonds Taxable Series 2020C issued under the Indenture.

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

Authorized Representative. The term “Authorized Representative” means, with respect to the District, its President, Vice President, Secretary, General Manager, Finance Director or any other person designated as

an Authorized Representative of the District by a Certificate of the District signed by its President, Vice President, Secretary, General Manager or Finance Director and filed with the Trustee.

Bond Counsel. The term “Bond Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bond Proceeds Fund. The term “Bond Proceeds Fund” means the fund by that name established pursuant to the Indenture.

Bond Year. The term “Bond Year” will have the meaning set forth in the Tax Certificate.

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 2020 Bonds and which are secured by a pledge of and lien on Revenues as described in the Indenture, including the 2014A Bonds, 2016A Bonds and 2016C 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.

“Calculation Agent” The term “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 institution that served as the underwriter for 2020C Bonds).

Certificate; Direction; Request; Requisition. The terms “Certificate,” “Direction,” “Request,” and “Requisition” of the District mean a written certificate, direction, request or requisition signed in the name of the District by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Indenture, each such instrument will include the statements provided for in the Indenture.

Closing Date. The term “Closing Date” means the date on which the 2020 Bonds are delivered to the original purchaser thereof.

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

“Comparable Treasury Issue” The term “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” The term “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” The term “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 2020C 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 2020C Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2020C 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.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated the Closing Date of a series of 2020 Bonds, executed by 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 later authorized and executed by the District which are on a parity with the 2020 Bonds and which are secured by a pledge and lien on the Revenues as described in the Indenture, including the 2016 Installment Purchase Agreement and the 2020 Installment Purchase Agreement; 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.

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, issuance, sale and delivery of the 2020 Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the 2020 Bonds and any other cost, charge or fee in connection with the original issuance of the 2020 Bonds.

Costs of Issuance Fund. The term “Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

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 will, 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 (and such Principal is not Excluded Principal), Debt Service will 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 will 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 will 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 will 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 will be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

Defeasance Securities. The term “Defeasance Securities” means: (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate

interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated “AAA” or “Aaa” by S&P and Moody’s, respectively, and (5) securities eligible for “AAA” defeasance under then existing criteria of S&P.

Depository; 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 2020 Bonds.

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.

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

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 will affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Federal Securities. The term “Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or noncallable obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

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 later selected and designated as the official fiscal year period of the District.

Indenture. The term “Indenture” means the Indenture of Trust, dated as of June 1, 2020, by and between the District and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

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 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 municipal advisors 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.

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.

Interest Account. The term “Interest Account” means the account by that name in the Payment Fund established pursuant to the Indenture.

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

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 2020 Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the District delivered to and accepted by the Depository.

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

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.

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

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 the Indenture 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.

Opinion of Counsel. The term "Opinion of Counsel" means a written opinion of counsel (including but not limited to counsel to the District) selected by the District. If and to the extent required by the provisions of the Indenture, each Opinion of Counsel will include the statements provided for in the Indenture.

Outstanding. The term "Outstanding," when used as of any particular time with reference to 2020 Bonds, means (subject to the provisions of the Indenture) all 2020 Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (i) 2020 Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2020 Bonds with respect to which all liability of the District has been discharged in accordance with the Indenture, including 2020 Bonds (or portions thereof) described in the Indenture; (iii) 2020 Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2020 Bonds has been authenticated and delivered by the Trustee pursuant to the Indenture; and (iv) Bonds paid pursuant to the Indenture.

Owner; 2020 Bond Owner. The term "Owner" or "2020 Bond Owner," whenever used in the Indenture with respect to a 2020 Bond, means the person in whose name the ownership of such 2020 Bond is registered on the Registration Books.

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.

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 Fund. The term "Payment Fund" means the fund by that name established pursuant to the Indenture.

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 “AAA-m-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 the Indenture, 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 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 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 independent certified public accountant, 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.

Principal Account. The term “Principal Account” means the account by that name in the Payment Fund established pursuant to the Indenture.

Rating. The term “Rating” means any currently effective rating on the 2020 Bonds issued by a Rating Agency.

Rating Agencies. The term “Rating Agencies” means S&P and Moody’s.

Rebate Fund. The term “Rebate Fund” means the fund by that name established for the 2020 Bonds pursuant to the Indenture.

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

Redemption Date. The term “Redemption Date” means the date fixed for redemption prior to maturity of the 2020 Bonds.

Redemption Fund. The term “Redemption Fund” means the fund by that name established pursuant to the Indenture.

Redemption Price. The term “Redemption Price” means, with respect to any 2020 Bond (or portion thereof), the principal amount of such 2020 Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such 2020 Bond and the Indenture.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2020 Bonds pursuant to the Indenture.

“Reference Treasury Dealer” The term “Reference Treasury Dealer” means a primary dealer of United States Government securities in the United States (may be the institution that served as the underwriter for 2020C Bonds) appointed by the District and reasonably acceptable to the Calculation Agent.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) customarily performing functions similar to those performed by the persons who at the time will be such officers, respectively, with responsibility for the administration of the Indenture.

Revenue Fund. The term “Revenue Fund” means enterprise funds Water (310), Wastewater (410), Recycled Water (510), Hydroelectric (610), and Recreation (710), together with other accounts in existence which Revenues are deposited or created in the future by the Board of Directors into which Revenues will be deposited.

Revenues. The term “Revenues” means (i) Water System Revenues, (ii) Wastewater System Revenues, and (iii) other revenues received by the District, as determined in accordance with 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) 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.

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.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture duly authorized and entered into between the District and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

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 2020B Bonds executed by

and delivered to the District on the date of execution and delivery of the 2020B Bonds, 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 in the Indenture.

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.

Value. The term “Value,” which will be determined as of the end of each month, means that the value of any investments will be calculated as follows:

(a) For the purpose of determining the amount of any fund, all Permitted Investments credited to such fund will be valued at fair market value. Fair market value will be determined based on accepted industry standards and from accepted industry providers. Accepted industry providers will include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Bank of America Merrill Lynch, and Morgan Stanley Smith Barney.

(b) As to certificates of deposit and bankers’ acceptances: the face amount thereof, plus accrued interest.

(c) As to any investment not specified above: market value, or, if the market value is not ascertainable by the District, at cost.

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 now existing, and including all additions, betterments, extensions and improvements to such wastewater treatment system or any part thereof later 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) above,

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 now existing, and including all additions, betterments, extensions and improvements to such water system and hydroelectric facilities or any part thereof later 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) above,

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 District; Written Order of the District; Written Request of the District; Written Requisition of the District. The terms “Written Consent of the District,” “Written Order of the District,” “Written Request of the District,” and “Written Requisition of the District” mean, respectively, a written consent, order, request or requisition signed by or on behalf of 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.

Content of Certificates and Opinions. Every certificate or opinion provided for in the Indenture except the certificate of destruction provided for thereof, with respect to compliance with any provision of the

Indenture will include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions in the Indenture relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such person, such provision has been complied with.

THE 2020 BONDS

Registration Books. The Trustee will keep or cause to be kept, at the Designated Corporate Trust Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2020 Bonds, which will upon reasonable written notice and at reasonable times be open to inspection during regular business hours by the District and the Owners; and, upon presentation for such purpose, the Trustee will, under then customary and standard regulations, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2020 Bonds as provided in the Indenture.

The person in whose name any 2020 Bond will be registered will be deemed the Owner thereof for all purposes of the Indenture, and payment of or on account of the interest on and principal and Redemption Price of by such 2020 Bonds will be made only to or upon the order in writing of such registered Owner, which payments will be valid and effectual to satisfy and discharge liability upon such 2020 Bond to the extent of the sum or sums so paid.

2020 Bonds Mutilated, Lost, Destroyed or Stolen. If any 2020 Bond will become mutilated, the District, at the expense of the Owner of said 2020 Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new 2020 Bond of like tenor, series and authorized denomination in exchange and substitution for the 2020 Bonds so mutilated, but only upon surrender to the Trustee at its Designated Corporate Trust Office of the 2020 Bond so mutilated. Every mutilated 2020 Bond so surrendered to the Trustee will be canceled by it. If any 2020 Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee is given, the District, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new 2020 Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2020 Bond so lost, destroyed or stolen (or if any such 2020 Bond has matured or is about to mature, instead of issuing a substitute 2020 Bond, the Trustee may pay the same without surrender thereof). The District may require payment by the Owner of a sum not exceeding the actual cost of preparing each new 2020 Bond issued under the Indenture and of the expenses which may be incurred by the District and the Trustee in connection therewith. Any 2020 Bond issued under the provisions of the Indenture in lieu of any 2020 Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the District whether or not the 2020 Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and will be entitled to the benefits of the Indenture with all other 2020 Bonds secured by the Indenture. Notwithstanding any other provision of the Indenture, in lieu of delivering a new 2020 Bond for a 2020 Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may, at the District's written direction, make payment of such 2020 Bond upon receipt of indemnity satisfactory to the Trustee.

Book Entry System.

Delivery of Letter of Representations. In order to qualify the book entry 2020 Bonds for the Depository's book entry system, if no Letter of Representations has been filed previously, the District will execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations will not in any way impose upon the District any obligation whatsoever with respect to persons having interests in such book entry 2020 Bonds other than the Owners, as shown on the 2020 Bond

Registration Books. By executing a Letter of Representations, the District will agree to take all action necessary at all times so that the District will be in compliance with all representations of the Trustee in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District will take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry 2020 Bonds for the Depository's book entry program.

Selection of Depository. In the event that: (i) the Depository determines not to continue to act as Securities Depository for book entry 2020 Bonds; or (ii) the District determines that continuation of the book entry system is not in the best interest of the beneficial owners of the 2020 Bonds 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 will prepare or direct the preparation of a new single, separate, fully registered 2020 Bond for each of the maturity dates of such book entry 2020 Bonds, registered in the name of such successor or substitute qualified Securities Depository or its Nominee as provided in the Indenture. If the District fails to identify another qualified Securities Depository to replace the Depository, then the 2020 Bonds will no longer be restricted to being registered in such 2020 Bond Registration Books in the name of the Nominee, but will be registered in whatever name or names the Owners transferring or exchanging such 2020 Bonds will designate, in accordance with the provisions of the Indenture.

Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding 2020 Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such 2020 Bond and all notices with respect to such 2020 Bond will 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 in the Indenture.

Transfer of 2020 Bonds to Substitute Depository.

(i) The 2020 Bonds will be initially issued as provided in the Indenture. Registered ownership of such 2020 Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) below ("Substitute Depository"); provided that any successor of DTC or Substitute Depository will 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 will 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) above, upon receipt of all Outstanding 2020 Bonds by the Trustee, together with a Written Request of the District to the Trustee designating the Substitute Depository, a single new 2020 Bond, which the District will prepare or cause to be prepared, will be issued for each maturity of 2020 Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such Written Request of the District. In the case of any transfer pursuant to clause (C) above, upon receipt of all Outstanding 2020 Bonds by the Trustee, together with a Written Request of the District to the Trustee, new

2020 Bonds, which the District will prepare or cause to be prepared, will be issued 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 the Indenture, provided that the Trustee will not be required to deliver such new 2020 Bonds 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 redemption or an advance refunding of any 2020 Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) will make an appropriate notation on such 2020 Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee will not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the Outstanding principal amount of such 2020 Bonds will be controlling.

(iv) The District and the Trustee will be entitled to treat the person in whose name any 2020 Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee will have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2020 Bonds. Neither the District nor the Trustee will 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 2020 Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2020 Bonds.

ISSUANCE OF 2020 BONDS

Validity of 2020 Bonds. The validity of the authorization and issuance of the 2020 Bonds is not dependent on and will not be affected in any way by any proceedings taken by the District or the Trustee with respect to any other agreement. The recital contained in the 2020 Bonds that the same are issued pursuant to the Constitution and laws of the State will be conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

REDEMPTION OF 2020 BONDS

Partial Redemption of 2020 Bonds. Upon surrender of any 2020 Bond redeemed in part only, the District will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the District, a new 2020 Bond or 2020 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2020 Bonds surrendered and of the same series, interest rate and maturity.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, the 2020 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the 2020 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2020 Bonds so called for redemption will cease to accrue, said 2020 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2020 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee will, upon surrender for payment of any of the 2020 Bonds to be redeemed on their Redemption Dates, pay such 2020 Bonds at the Redemption Price.

All 2020 Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

REVENUES, FUNDS AND ACCOUNTS;
PAYMENT OF PRINCIPAL AND INTEREST

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

The District will, 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. Thereafter all remaining moneys in the Revenue Fund will 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 will be held in trust and will be applied, used and withdrawn only for the purposes set forth in the Indenture:

(i) Interest and Principal Payments. Not later than six (6) Business Days prior to each Interest Payment Date, the District will, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Payment Fund the amount, if any, necessary for the payments of interest and principal on the 2020 Bonds due and payable on such Interest Payment Date. The District will 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.

(ii) Reserve Funds. Not later than five (5) Business Days prior to each Interest Payment Date, the District will, 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, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement with respect thereto.

(iii) 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 (i) or (ii) above may be expended by the District at any time for any purpose permitted by law.

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

Application of Payment Fund. There is established by the Indenture with the Trustee the 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 principal of and interest on the 2020 Bonds remain unpaid. Except as directed in the Indenture, all payments of interest and principal on the 2020 Bonds transferred by the District from the Revenue Fund to the Payment Fund pursuant to the Indenture will be promptly deposited by the Trustee upon receipt thereof into the Payment Fund; except that all moneys received by the Trustee and required thereunder to be deposited in the Redemption Fund will be promptly deposited therein. All payments of interest and principal on the 2020 Bonds deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee will also establish and hold an Interest Account and a Principal Account within the Payment Fund.

The Trustee will transfer from the Payment Fund and deposit into the following respective accounts the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the Business Day preceding each Interest Payment Date, the Trustee will deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all 2020 Bonds then Outstanding. No deposit need be made into the Interest Account so long as there is in such fund moneys sufficient to pay the interest becoming due and payable on such Interest Payment Date on all 2020 Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the 2020 Bonds will become due and payable under the Indenture, the Trustee will deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2020 Bonds coming due and payable on such date. No deposit need be made into the Principal Account so long as there is in such fund moneys sufficient to pay the principal becoming due and payable on such date on all 2020 Bonds then Outstanding.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2020 Bonds as it will become due and payable (including accrued interest on any 2020 Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the 2020 Bonds at maturity, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2020 Bonds, upon written direction of the District, the Trustee will apply such amounts to the purchase of 2020 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as will be directed pursuant to a Written Request of the District, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2020 Bonds.

Application of Redemption Fund. There is by the Indenture established with the Trustee a special fund designated as the "Redemption Fund," which will be opened, as needed, upon receipt by the Trustee of written instruction from the District to so open. All amounts in the Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of the 2020 Bonds to be redeemed on any Redemption Date pursuant to the Indenture; provided, however, that at any time prior to selection for redemption of any such 2020 Bonds, upon written direction of the District, the Trustee will apply such amounts to the purchase of 2020 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as will be directed pursuant to a Written Request of the District, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2020 Bonds.

Investments. All moneys in any of the funds or accounts established with the District or the Trustee pursuant to the Indenture will be invested by the District or the Trustee, as the case may be, solely in Permitted Investments, which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement. Any investments by the Trustee will be directed by the District pursuant to a Written Request of the District filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions will be promptly confirmed to the Trustee in writing). In the absence of any such directions from the District, the Trustee will invest any such moneys in Permitted Investments described in clause (d) of the definition thereof; provided, however, that any such investment will

be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee has 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 will hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the Interest Account unless otherwise provided in the Indenture. For purposes of acquiring any investments thereunder, the Trustee may commingle funds (other than the Rebate Fund) held by it under the Indenture. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee will incur no liability for losses, fees, taxes or other charges arising from any investments, reinvestments and liquidations of investments made pursuant to the Indenture.

The District acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will, upon receipt of a Written Request, furnish the District cash transaction statements 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 waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

The Trustee may make any investments under the Indenture through its own bond or investment department or trust investment department, or those of its parent or an affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee thereunder. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

The District will invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate.

For investment purposes, the Trustee may commingle the funds and accounts established under the Indenture, but will account for each separately. In making any valuations of investments thereunder, the Trustee may utilize and rely on computerized securities pricing services that may be available to the Trustee, including those available through the Trustee accounting system.

Rebate Fund.

(a) Establishment. The Trustee will establish a separate account, as necessary, for the 2020B Bonds designated the "Rebate Fund" which will be opened, as needed, upon receipt by the Trustee of written instruction from the District to so open. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2020B Bonds will not be adversely affected, the District will cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the Tax Certificate. All money at any time deposited in the Rebate Fund will be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the 2020B Bonds will be governed by the Indenture and the Tax Certificate for the 2020B Bonds, unless and to the extent that the District delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2020B Bonds will not be adversely affected if such requirements are not satisfied. The Trustee will be deemed conclusively to have complied with the provisions of the Indenture and the Tax Certificate if the Trustee follows the directions of the District

and the Trustee will 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 the Indenture.

(i) Annual Computation. Within fifty-five (55) of the end of each Bond Year (as such term is defined in the Tax Certificate), the District will calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “Rebatable Arbitrage”). The District will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Indenture.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the Written Request of the District, an amount will 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 will 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 will withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee will 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 Bond Year, and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than sixty (60) days after the payment of all the 2020B Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District will 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) will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T, or will 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 2020B Bonds 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 the Indenture to the contrary, the obligation to comply with the requirements of the Indenture will survive the defeasance or payment in full of the 2020B Bonds.

Application of Funds and Accounts When No 2020B Bonds are Outstanding. On the date on which all 2020B Bonds will be retired under the Indenture or provision made therefor pursuant to the Indenture and

after payment of all amounts due the Trustee thereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to the Indenture will be withdrawn by the Trustee and paid to the District for use by the District at any time for any purpose permitted by law.

PARTICULAR COVENANTS

Compliance with Indenture. The Trustee will not authenticate or deliver any 2020 Bond in any manner other than in accordance with the provisions of the Indenture, and the District will not suffer or permit any default by it to occur under the Indenture, but will faithfully observe and perform all the covenants, conditions and requirements of the Indenture.

Budgets. On or prior to the fifteenth day of each Fiscal Year, the District will certify to the Trustee that the amounts budgeted for payment of principal and interest on the 2020 Bonds are fully adequate for the payment of all principal and interest on the 2020 Bonds for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of all principal and interest on the 2020 Bonds, 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 all principal and interest on the 2020 Bonds and will notify the Trustee in writing of the proceedings then taken or proposed to be taken by the District.

Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may later be lawfully imposed upon the Water System, Wastewater System, or any part thereof or upon the Revenues when the same will become due. The District will duly observe and comply 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 will not be required to comply with any regulations or requirements so long as the validity or application thereof will be contested in good faith.

Observance of Laws and Regulations. To the extent necessary to assure its performance under the Indenture, the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or later imposed on it 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 later acquired by the District, including its right to exist and carry on its business, to the end that such contracts, rights and franchises will be maintained and preserved, and will not become abandoned, forfeited or in any manner impaired.

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

(a) If (1) the District files with 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 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 under the Indenture will not be substantially impaired (which determination will be final and conclusive), then the District will promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds will 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 will be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds will be applied by the District in part to the prepayment of the 2020 Bonds as provided in the Indenture 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 principal and Interest due on the 2020 Bonds then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

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 principal and interest due on the 2020 Bonds, or which would otherwise impair 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 principal and interest on the 2020 Bonds when due and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing in the Indenture will 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.

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.

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.

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 under the Indenture or on any funds in the hands of the District pledged to pay the principal and interest on the 2020 Bonds or to the Owners prior or superior to the lien of the 2020 Bonds or which might impair the security of the principal and interest due on the 2020 Bonds.

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 the principal and interest on the 2020 Bonds 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.

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 will be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System or Wastewater System, respectively. The District will begin such reconstruction, repair or replacement promptly after such damage or destruction occurs, and will continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and will pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same will be completed and the Water System and Wastewater System will 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 will be applied in part to the prepayment of principal and interest on the 2020 Bonds as provided in the Indenture 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 the 2020 Bonds 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 thereby prior to the final due date of the principal and interest on the 2020 Bonds 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 will be applied to the prepayment of principal and interest on the 2020 Bonds as provided in the Indenture and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance as it will deem advisable or necessary to protect its interests, which insurance will 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.

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.

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 later entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the District to pay principal and interest on the 2020 Bonds.

Continuing Disclosure. The District 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 the Indenture, failure of the District to comply with the Continuing Disclosure Certificate will not be considered an Event of Default; however, any Owner 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 the Indenture. For purposes of the Indenture, "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

2020 Bond (including persons holding 2020 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2020 Bond for federal income tax purposes.

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.

Punctual Payment. The District will cause the Trustee to pay the principal and interest to become due in respect of all of the 2020 Bonds, in strict conformity with the terms of the 2020 Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of 2020 Bonds. The District will not directly or indirectly extend or assent to the extension of the maturity of any of the 2020 Bonds or the time of payment of any claims for interest by the purchase of such 2020 Bonds or by any other arrangement, and in case the maturity of any of the 2020 Bonds or the time of payment of any such claims for interest will be extended, such 2020 Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the 2020 Bonds then Outstanding and of all claims for interest thereon which will not have been so extended.

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 in the Indenture. The District may at any time, or from time to time, execute Contracts or issue Bonds as permitted therein 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 will be subordinate in all respects to the pledge of and lien thereon provided in the Indenture.

Power to Issue 2020 Bonds and Make Pledge and Assignment. The District is duly authorized pursuant to law to issue the 2020 Bonds and to enter into the Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The 2020 Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the District in accordance with their terms, and the District and the Trustee will at all times, subject to the provisions of the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the 2020 Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements.

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

(b) The District will prepare and file with 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.

Waiver of Laws. The District will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time later in force that may affect the covenants and agreements contained in the Indenture or in the 2020 Bonds, and all benefit or advantage of any such law or laws is by the Indenture expressly waived by the District to the extent permitted by law.

Further Assurances. The District will make, execute and deliver any and all such further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the 2020 Bonds of the rights and benefits provided in the Indenture.

Prosecution and Defense of Suits. The District will promptly, upon request of the Trustee or any 2020 Bond 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 later developing, will prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee (including all of its employees, officers and directors) and every 2020 Bond 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 will defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) or any 2020 Bond Owner upon any claim by a 2020 Bond Owner or a third party arising out of the receipt, application or disbursement of any of the payments of principal or interest on the 2020 Bonds or involving the rights of the Trustee or any 2020 Bond Owner under the Indenture; provided that the Trustee or any 2020 Bond Owner at such party's election may appear in and defend any such suit, action or proceeding. The District will indemnify and hold harmless the Trustee and the 2020 Bond Owners against any and all liability claimed or asserted by any such person, arising out of such receipt, application or disbursement, and will indemnify and hold harmless the 2020 Bond Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation (including pre-litigation activities) to which any of them may become a party by reason of ownership of 2020 Bonds. The District will promptly reimburse the Trustee and any 2020 Bond Owner in the full amount of any attorneys' fees or other expenses which the Trustee or such Owner may incur in litigation or otherwise in order to enforce such party's rights under the Indenture or the 2020 Bonds.

Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the 2020B Bonds 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 and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will not take or omit to take any action or make any use of the proceeds of the 2020B Bonds or of any other moneys or property which would cause the 2020B Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(b) Arbitrage. The District will make no use of the proceeds of the 2020B Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the 2020B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The District will make no use of the proceeds of the 2020B Bonds or take or omit to take any action that would cause the 2020B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

(e) Hedge Bonds. The District will make no use of the proceeds of the 2020B Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the 2020B Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of

Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2020B Bonds for federal income tax purposes.

(f) Miscellaneous. The District will take no action, or omit to take any action, inconsistent with the expectations stated in any Tax Certificate executed with respect to the 2020B Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

The covenants set forth in the Indenture will not be applicable to, and nothing contained in the Indenture will be deemed to prevent the District from executing and delivering Bonds or Contracts, including the 2020C Bonds, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

EVENTS OF DEFAULT AND REMEDIES OF 2020 BOND OWNERS

Events of Default. The following events will be Events of Default under the Indenture:

(a) Default by the District in the due and punctual payment of the principal of any 2020 Bonds when and as the same will become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default by the District in the due and punctual payment of the interest on any 2020 Bonds when and as the same will become due and payable.

(c) Default by the District in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the 2020 Bonds if such default has continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the District by the Trustee or by the Owners of not less than a majority in aggregate principal amount of 2020 Bonds 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 will not be an Event of Default under the Indenture.

(d) The District files 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 will 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 will assume custody or control of the District or of the whole or any substantial part of its property.

(e) Payment of the principal of any Bond or with respect to any Contract is accelerated in accordance with its terms.

Remedies Upon Event of Default. If any Event of Default specified in the Indenture occurs and is continuing, the Trustee will, and for any other Event of Default, the Trustee may, in each case, upon notice in writing to the District, declare the principal of all of the 2020 Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture or in the 2020 Bonds contained to the contrary notwithstanding.

Nothing contained in the Indenture will permit or require the Trustee to accelerate payments due under the Indenture if the District is not in default of its obligation under the Indenture.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due has been obtained or entered, the District will deposit with the Trustee a sum sufficient to pay all the principal of and interest on the 2020 Bonds which is overdue, with interest on such overdue principal at the rate borne by the respective 2020 Bonds to the extent permitted by law, and all charges and expenses of the Trustee, and any and all other Events of Default actually known to a Responsible Officer of the Trustee, has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case the Trustee will on behalf of the Owners of all of the 2020 Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment will extend to or will affect any subsequent Event of Default, or will impair or exhaust any right or power consequent thereon.

Application of Revenues and Other Funds After Default. If an Event of Default occurs and is continuing, all Revenues held or thereafter received by the Trustee and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (other than amounts held in the Rebate Fund) will be applied in the following order:

(i) To the payment of any expenses necessary to protect the interests of the Owners of the 2020 Bonds and payment of fees and expenses of the Trustee (including fees, expenses and disbursements of its accountants and counsel) incurred in and about the performance of its powers and duties under the Indenture;

(ii) To the payment of Operation and Maintenance Costs;

(iii) To the payment of the principal of and interest then due on the 2020 Bonds (upon presentation of the 2020 Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid), in accordance with the provisions of the Indenture, the payment of the principal and interest then due with respect to such Contract in accordance with the provisions thereof and the payment of the principal of and interest then due on such Bonds in accordance with the provisions thereof and of any indenture related thereto, in the following order of priority:

First: To the payment to the persons entitled thereto of all installments of interest then due on the 2020 Bonds, 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 will not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of all installments of unpaid principal of any 2020 Bond, with respect to such Contract or on such Bonds, as applicable, which has 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 will not be sufficient to pay in full all the 2020 Bonds together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

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

Trustee to Represent 2020 Bond Owners. The Trustee is irrevocably appointed (and the successive respective Owners of the 2020 Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the 2020 Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2020 Bonds or the Indenture and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2020 Bond Owners, the Trustee in its reasonable judgment may, and upon the written request of

the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it will deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2020 Bonds or the Indenture or any law; and upon instituting such proceeding, the Trustee will be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the 2020 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2020 Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2020 Bonds, subject to the provisions of the Indenture.

2020 Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding will have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its satisfaction, to direct the method of conduct in all remedial proceedings taken by the Trustee under the Indenture, provided that such direction will not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to 2020 Bond Owners not parties to such direction.

Suit by Owners. No Owner of any 2020 Bonds will have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture with respect to such 2020 Bonds, unless: (a) such Owners has given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than fifty percent (50%) in aggregate principal amount of the 2020 Bonds then Outstanding has made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners has tendered to the Trustee indemnity against the costs, claims, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee has failed to comply with such request for a period of sixty (60) days after such written request has been received by, and said tender of indemnity has been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2020 Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of 2020 Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of 2020 Bonds will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of 2020 Bonds (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Owners), or to enforce any right under the 2020 Bonds, the Indenture, or applicable law with respect to the 2020 Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner in the Indenture provided and for the benefit and protection of all Owners of the Outstanding 2020 Bonds, subject to the provisions of the Indenture.

Absolute Obligation of the District. Nothing in the Indenture or in any other provision of the Indenture or in the 2020 Bonds will affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the 2020 Bonds to the respective Owners of the 2020 Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Revenues and other assets therein pledged therefor, or affect or impair the right of such Owners,

which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2020 Bonds.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners of the 2020 Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, will be cumulative and in addition to any other remedy given thereunder or now or later existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2020 Bonds to exercise any right or power arising upon the occurrence of any Event of Default will impair any such right or power or will be construed to be a waiver of any such Event of Default or an acquiescence therein.

THE TRUSTEE

Duties, Immunities and Liabilities of Trustee.

(a) The Trustee will, 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 the Indenture, and no implied covenants or duties will be read into the Indenture against the Trustee. The Trustee will, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The District may remove the Trustee at any time, unless an Event of Default has occurred and then is continuing, and will remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2020 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee will cease to be eligible in accordance with subsection (e) below, or will become incapable of acting, or will be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property will be appointed, or any public officer will take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the District will promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the 2020 Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and have accepted appointment within forty five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any 2020 Bond Owner (on behalf of himself and all other 2020 Bond Owners) may, at the sole cost and expense of the District, petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture will signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the District or the request of the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such

successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and will pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the District will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the District will mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts under the Indenture to each Rating Agency which is then rating the 2020 Bonds and to the 2020 Bond Owners at the addresses shown on the Registration Books. If the District fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee will cause such notice to be mailed at the expense of the District.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee will be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination for federal or state authority. If such bank, banking association 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 purpose of this subsection the combined capital and surplus of such trust company, banking association or bank will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee will cease to be eligible in accordance with the provisions of this subsection (e), the Trustee will resign promptly in the manner and with the effect specified in the Indenture.

Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it will be a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, banking association or bank will be eligible under subsection (e) above, will be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee.

(a) The recitals of facts in the Indenture and in the 2020 Bonds will be taken as statements of the District, and the Trustee will not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture or the 2020 Bonds, nor will the Trustee incur any responsibility in respect thereof, other than as expressly stated in the Indenture in connection with the respective duties or obligations therein or in the 2020 Bonds assigned to or imposed upon it. The Trustee will, however, be responsible for its representations contained in its certificate of authentication on the 2020 Bonds. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. The Trustee may become the Owner of 2020 Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 2020 Bond Owners, whether or not such committee will represent the Owners of a majority in principal amount of the 2020 Bonds then Outstanding.

(b) The Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for in the Indenture) in aggregate principal amount of the 2020 Bonds at the time

Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee will not be liable for any action taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it by the Indenture.

(e) The Trustee will not be deemed to have knowledge or notice (in each case, either actual or constructive) of any default or Event of Default under the Indenture or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default thereunder unless and until a Responsible Officer of the Trustee has actual knowledge of such event or a Responsible Officer of the Trustee has been notified in writing, in accordance with the Indenture, of such event by the District or the Owners of not less than fifty percent (50%) of the 2020 Bonds then Outstanding. Except as otherwise expressly provided in the Indenture, the Trustee will not be bound to ascertain or inquire as to the performance or observance by the District of any of the terms, conditions, covenants or agreements therein of any of the documents executed in connection with the 2020 Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee will not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

(f) No provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of any of its rights or powers.

(g) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of Owners pursuant to the Indenture, unless such Owners has offered to the Trustee indemnity satisfactory to it against the costs, claims, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee thereunder will be construed to impose a duty to exercise such power, right or remedy and the Trustee will not be answerable for other than its own negligence or willful misconduct.

(h) Whether or not expressly so provided in the Indenture, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee will be subject to the provisions of the Indenture.

(i) The Trustee will have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the 2020 Bonds.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and will not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee will not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, which affect the Trustee’s ability to perform its obligations thereunder, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, recognized public emergencies, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party

or others relating to zoning or other governmental action or inaction pertaining to the Revenues, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by secured e-mail, facsimile transmission or other similar secured electronic methods, provided, however, that, for purposes of the Indenture, an e-mail does not constitute a notice, request, or other communication thereunder but rather, the portable document format or similar attachment attached to such e-mail will constitute a notice, request, or other communication thereunder and provided further that the Trustee has received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee will not be liable for any losses, costs, claims or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding the fact that such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(n) The Trustee will not be concerned with or accountable to anyone for the subsequent use or application of any moneys which will be released or withdrawn in accordance with the provisions of the Indenture.

(o) In no event will the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Right to Rely on Documents. The Trustee will be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel of its selection with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

The Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit.

The Trustee may treat the Owners of the 2020 Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2020 Bonds for all purposes and the Trustee will not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Certificate, Request or Requisition of the District and such Certificate, Request or Requisition will be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, Request or Requisition, but

the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture will be retained in its respective possession and will be subject at all reasonable times to the inspection of the District, and any 2020 Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Compensation and Indemnification. The District will pay to the Trustee from time to time all compensation agreed upon in writing for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture.

The District will indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred to a 2020 Bond Owner or a third party without negligence on its part, arising out of or in connection with the execution of the Indenture, acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers under the Indenture. The rights of the Trustee and the indemnification obligations of the District will survive removal or resignation of the Trustee thereunder or the discharge of the 2020 Bonds and the Indenture.

MODIFICATION OR AMENDMENT OF THE INDENTURE

Amendments Permitted.

(a) The Indenture and the rights and obligations of the District, the Owners of the 2020 Bonds, and the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto. No such modification or amendment will extend the fixed maturity of any 2020 Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2020 Bond so affected. Promptly after the execution by the District and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee will mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the 2020 Bonds at the respective addresses shown on the Registration Books. Notice of proposed execution will be prepared by the District. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and the rights and obligations of the District, the Trustee and the Owners of the 2020 Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into without the consent of any 2020 Bond Owners, if the Trustee will receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture will not materially adversely affect the interests of the Owners of the Outstanding 2020 Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the District contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2020 Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the District;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the District may deem necessary or desirable;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute thereunder in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and

(4) to modify, amend or supplement the Indenture in such manner as to cause interest on the 2020B Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its reasonable judgment, but will not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) above which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture thereunder, there will be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the 2020B Bonds from federal income taxation and the 2020 Bonds from State income taxation.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture will be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District, the Trustee and all Owners of 2020 Bonds Outstanding will thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of 2020 Bonds; Preparation of New 2020 Bonds. 2020 Bonds delivered after the execution of any Supplemental Indenture pursuant to the Indenture may, and if the Trustee so determines will, bear a notation by endorsement or otherwise in form approved by the District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2020 Bonds Outstanding at the time of such execution and presentation of his or her 2020 Bonds for such purpose at the Designated Corporate Trust Office of the Trustee or at such additional offices as the Trustee may select and designate for such purpose, a suitable notation will be made on such 2020 Bonds. If the Supplemental Indenture will so provide, new 2020 Bonds so modified as to conform, in the opinion of the District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, will be prepared and executed by the District and authenticated by the Trustee, and upon demand on the Owners of any 2020 Bonds then Outstanding will be exchanged at the Designated Corporate Trust Office of the Trustee, without cost to any 2020 Bond Owner, for 2020 Bonds then Outstanding, upon surrender for cancellation of such 2020 Bonds, in equal aggregate principal amount of the same maturity.

Amendment of Particular 2020 Bonds. The provisions of the Indenture will not prevent any 2020 Bond Owner from accepting any amendment as to the particular 2020 Bonds held by such 2020 Bond Owner.

DEFEASANCE

Discharge of Indenture. The 2020 Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable under the Indenture by the District:

- (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on such 2020 Bonds, as and when the same become due and payable;
- (b) by the deposit with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem all 2020 Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the 2020 Bonds then Outstanding.

If the District will also pay or cause to be paid all other sums payable under the Indenture by the District, then and in that case, at the election of the District (as evidenced by a Certificate of the District filed with the Trustee, signifying the intention of the District to discharge all such indebtedness and the Indenture), and notwithstanding that any such 2020 Bonds will not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture, and all covenants, agreements and other obligations of the District under the Indenture will cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the District, the Trustee will execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of such 2020 Bonds not theretofore surrendered for such payment or redemption to the District.

Discharge of Liability on 2020 Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding 2020 Bonds (whether upon or prior to the maturity or the Redemption Date of such 2020 Bonds), provided that, if such Outstanding 2020 Bonds are to be redeemed prior to maturity, notice of such redemption has been given as provided in the Indenture or provisions satisfactory to the Trustee has been made for the giving of such notice, then all liability of the District in respect of such 2020 Bonds will cease, terminate and be completely discharged, and the Owners thereof will thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of the Indenture.

The District may at any time surrender to the Trustee for cancellation by it any 2020 Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such 2020 Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any 2020 Bonds, the money or securities so to be deposited or held will be invested in Defeasance Securities and will be held by the Trustee in the funds and accounts established pursuant to the Indenture. Defeasance may be accomplished by depositing with the Trustee:

- (a) lawful money of the United States of America in an amount equal to the principal amount of such 2020 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2020 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in the Indenture or provisions satisfactory to the Trustee has been made for the giving of such notice, the amount to be deposited or held will be the principal amount of such 2020 Bonds and all unpaid interest and premium, if any, thereon to the Redemption Date; or

(b) Defeasance Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant or Independent Municipal Advisor filed with the District and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the Redemption Date (with premium, if any), as the case may be, on the 2020 Bonds to be paid or redeemed as directed by the District as such principal, interest and premium, if any, become due, provided that in the case of 2020 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Indenture or provision satisfactory to the Trustee has been made for the giving of such notice;

provided, in each case, that: (i) the Trustee has been irrevocably instructed (by the terms of the Indenture or by Written Request of the District) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2020 Bonds as directed by the District; (ii) the District has delivered to the Trustee an opinion of Bond Counsel addressed to the District and the Trustee to the effect that such 2020 Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's or Independent Municipal Advisor's opinion referred to above); (iii) the District has delivered an escrow agreement; and (iv) the District has delivered a certificate of discharge of the Trustee with respect to the 2020 Bonds. The opinion of Bond Counsel and Independent Certified Public Accountant's or Independent Municipal Advisor's opinion referred to above will be acceptable in form and substance, and addressed, to the District and the Trustee.

The 2020 Bonds will be deemed Outstanding under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Payment of 2020 Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2020 Bonds and remaining unclaimed for six (6) months after the principal of all of the 2020 Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or six (6) months after the date of deposit of such moneys if deposited after said date when all of the 2020 Bonds became due and payable, will be repaid to the District free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the District and the Trustee indemnifying the Trustee with respect to claims of Owners of 2020 Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Trustee will at the written direction of the District (at the cost of the District), first mail to the Owners of 2020 Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice with respect to the 2020 Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

MISCELLANEOUS

Liability Limited. 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 will 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 will not be required to, advance for any of the purposes of the Indenture any funds of the District which may be made available to it for such purposes.

Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the District or the Trustee is named or referred to, such reference will be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the District or the Trustee will bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Limitation of Rights to Parties and 2020 Bond Owners. Nothing expressed or implied in the Indenture or in the 2020 Bonds is intended or will be construed to give to any person other than the District, the Trustee and the Owners of the 2020 Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein contained; and all such covenants, conditions and provisions are and will be held to be for the sole and exclusive benefit of the District, the Trustee and the Owners of the 2020 Bonds.

Waiver of Notice; Requirement of Mailed Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice will not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in the Indenture any notice will be required to be given by mail, such requirement will be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Disposal of 2020 Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the District of any 2020 Bonds, the Trustee will dispose of such 2020 Bonds in accordance with its then customary practices, and as may be allowed by law, and deliver a certificate of such disposal to the District.

Severability of Invalid Provisions. If any one or more of the provisions contained in the Indenture or in the 2020 Bonds will for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in the Indenture and such invalidity, illegality or unenforceability will not affect any other provision of the Indenture, and the Indenture will be construed as if such invalid or illegal or unenforceable provision had never been contained in the Indenture. The District by the Indenture declares that it would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase of the Indenture and authorized the issuance of the 2020 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Evidence of Rights of 2020 Bond Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by 2020 Bond Owners may be in any number of concurrent instruments of substantially similar tenor and will be signed or executed by such 2020 Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of 2020 Bonds transferable by delivery, will be sufficient for any purpose of the Indenture and will be conclusive in favor of the Trustee and the District if made in the manner provided in the Indenture.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The Ownership of 2020 Bonds will be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2020 Bond will bind every future Owner of the same 2020 Bond and the Owner of every 2020 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in accordance therewith or reliance thereon.

Disqualified 2020 Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2020 Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, 2020 Bonds which are actually known by the Trustee to be owned or held by or for the account of

the District, or by any other obligor on the 2020 Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the 2020 Bonds, will be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2020 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of the Indenture if the pledgee will establish to the satisfaction of the Trustee the pledgee's right to vote such 2020 Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the 2020 Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel will be full protection to the Trustee. Upon request, the District will certify to the Trustee those 2020 Bonds that are disqualified pursuant to the Indenture and the Trustee may conclusively rely on such certificate.

Money Held for Particular 2020 Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2020 Bonds (or portions of 2020 Bonds in the case of registered 2020 Bonds redeemed in part only) will, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the 2020 Bonds entitled thereto, subject, however, to the provisions of the Indenture but without any liability for interest thereon.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts will at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the 2020 Bonds and the rights of every Owner thereof.

Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the District will be individually or personally liable for the payment of the principal of or premium or interest on the 2020 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Indenture will relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by the Indenture.

CUSIP Numbers. Neither the Trustee nor the District will be liable for any defect or inaccuracy in the CUSIP number that appears on any 2020 Bond or in any redemption notice. The Trustee may, in its reasonable judgment, include in any redemption notice a statement to the effect that the CUSIP numbers on the 2020 Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2020 Bond Owners and that neither the District nor the Trustee will be liable for any inaccuracies in such numbers. The District will promptly notify the Trustee in writing of any change in the CUSIP numbers.

Choice of Law. THE INDENTURE WILL BE GOVERNED BY THE LAWS OF THE STATE.

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

Re: El Dorado Irrigation District Revenue Certificates of Participation, Series 2020A

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 on our examination as Special 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 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 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.

7. 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 Special 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 Special 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.

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.

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.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Certificates, the Trust Agreement or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Trust Agreement or the Installment Purchase Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

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 OPINION OF BOND COUNSEL 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.

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 MUFJ 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.

In connection with our representation we have examined a certified copy of the proceedings relating to the 2020 Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based 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 of the Indenture, the 2020 Bonds and the Indenture are valid and binding obligations of the District enforceable against the District in accordance with their respective 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 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.

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 Internal Revenue Code of 1986, as amended (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 others and are subject to the condition that the District complies 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.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the 2020 Bonds or the Indenture, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

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:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the El Dorado Irrigation District (the “District”) in connection with the execution and delivery of its \$ _____ Revenue Certificates of Participation, Series 2020A (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2020 (the “Trust Agreement”), by and among the District, the El Dorado Irrigation District Financing Corporation and MUFG Union Bank, N.A., as trustee (the “Trustee”). The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with the Rule.

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

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “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 Certificates for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

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

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of December of each year.

Holder. The term “Holder” means a registered owner of the Certificates.

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.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated June __, 2020 relating to the Certificates.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2019) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

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

(a) The audited financial statements for the prior Fiscal Year, which may be included in the Comprehensive Annual Financial Report of the District, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) Principal amount of the Certificates outstanding.

(c) An update of the information in the following tables under the caption entitled “THE WATER SYSTEM OF THE DISTRICT” in the Official Statement:

(i) “El Dorado Irrigation District Historic System Firm Yield In Acre-Feet Per Year;”

(ii) “El Dorado Irrigation District Historic Water Connections;”

(iii) “El Dorado Irrigation District Historic Water Deliveries In Acre-Feet Per Year;” and

(iv) “El Dorado Irrigation District Historic Water Sales Revenues.”

(d) An update of the information in the following tables under the caption entitled “THE WASTEWATER SYSTEM OF THE DISTRICT” in the Official Statement:

(i) “El Dorado Irrigation District Historic Wastewater Connections;”

- (ii) “El Dorado Irrigation District Historic Wastewater System Usage;”
- (iii) “El Dorado Irrigation District Historic Wastewater Service Charge Revenues;”
- (iv) “El Dorado Irrigation District Historic Recycled Water Connections;”
- (v) “El Dorado Irrigation District Historic Recycled Water System Demand in Acre-Feet Per Year;” and
- (vi) “El Dorado Irrigation District Historic Recycled Water Service Charge Revenues.”

(e) A table showing Net Revenues of the District and debt service coverage on the Certificates and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Water System Historic Operating Results.”

(f) A table showing Net Revenues of the District and debt service coverage on the Certificates and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Wastewater System Historic Operating Results.”

(g) A table showing Net Revenues of the District and debt service coverage on the Certificates and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Historic Operating Results.”

If the information in sections 4(c) – 4(g) above can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under sections 4(c) – 4(g) above shall not constitute a default hereunder. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

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

- 1. principal and interest payment delinquencies;
- 2. unscheduled draws on debt service reserves reflecting financial difficulties;
- 3. unscheduled draws on credit enhancements reflecting financial difficulties;
- 4. substitution of credit or liquidity providers, or their failure to perform;
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
- 6. tender offers;

7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other events affecting the tax status of the Certificates;
2. modifications to the rights of Certificate holders;
3. optional, unscheduled or contingent Certificate prepayments;
4. release, substitution or sale of property securing repayment of the Certificates;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and
8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Certificate holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District which is customarily prepared by the District and is publicly available.

7. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. The District will provide notice of such amendment to the Municipal Securities Rulemaking Board.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Installment Purchase Agreement or the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Certificates may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

11. Dissemination Agent. The District may from time to time appoint or engage a dissemination agent to assist the District in carrying out its obligations under this Disclosure Certificate and may discharge any such dissemination agent with or without appointing a successor dissemination agent.

12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Dated: June __, 2020

EL DORADO IRRIGATION DISTRICT

By: _____
Its: President of the Board of Directors

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:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the El Dorado Irrigation District (the “District”) in connection with the issuance of its \$ _____ Refunding Revenue Bonds, Series 2020B (the “2020B Bonds”) and \$ _____ Refunding Revenue Bonds, Taxable Series 2020C (the “2020C Bonds” and together with the 2020B Bonds, the “Bonds”). The 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 District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

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

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of December of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated June __, 2020 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2019) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

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

(a) The audited financial statements for the prior Fiscal Year, which may be included in the Comprehensive Annual Financial Report of the District, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) Principal amount of the Bonds outstanding.

(c) An update of the information in the following tables under the caption entitled “THE WATER SYSTEM OF THE DISTRICT” in the Official Statement:

(i) “El Dorado Irrigation District Historic System Firm Yield In Acre-Feet Per Year;”

(ii) “El Dorado Irrigation District Historic Water Connections;”

(iii) “El Dorado Irrigation District Historic Water Deliveries In Acre-Feet Per Year;” and

(iv) “El Dorado Irrigation District Historic Water Sales Revenues.”

(d) An update of the information in the following tables under the caption entitled “THE WASTEWATER SYSTEM OF THE DISTRICT” in the Official Statement:

(i) “El Dorado Irrigation District Historic Wastewater Connections;”

(ii) “El Dorado Irrigation District Historic Wastewater System Usage;”

- (iii) “El Dorado Irrigation District Historic Wastewater Service Charge Revenues;”
- (iv) “El Dorado Irrigation District Historic Recycled Water Connections;”
- (v) “El Dorado Irrigation District Historic Recycled Water System Demand in Acre-Feet Per Year;” and
- (vi) “El Dorado Irrigation District Historic Recycled Water Service Charge Revenues.”

(e) A table showing Net Revenues of the District and debt service coverage on the Bonds and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Water System Historic Operating Results.”

(f) A table showing Net Revenues of the District and debt service coverage on the Bonds and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Wastewater System Historic Operating Results.”

(g) A table showing Net Revenues of the District and debt service coverage on the Bonds and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Historic Operating Results.”

If the information in sections 4(c) – 4(g) above can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under sections 4(c) – 4(g) above shall not constitute a default hereunder. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

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

- 1. principal and interest payment delinquencies;
- 2. unscheduled draws on debt service reserves reflecting financial difficulties;
- 3. unscheduled draws on credit enhancements reflecting financial difficulties;
- 4. substitution of credit or liquidity providers, or their failure to perform;
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
- 6. tender offers;
- 7. defeasances;

8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and
8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bond holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District which is customarily prepared by the District and is publicly available.

7. Termination of Obligation. The District's obligations under this Disclosure Certificate shall

terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. The District will provide notice of such amendment to the Municipal Securities Rulemaking Board.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

11. Dissemination Agent. The District may from time to time appoint or engage a dissemination agent to assist the District in carrying out its obligations under this Disclosure Certificate and may discharge any such dissemination agent with or without appointing a successor dissemination agent.

12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: June __, 2020

EL DORADO IRRIGATION DISTRICT

By: _____
Its: President of the Board of Directors

**CONTINUING DISCLOSURE CERTIFICATE
(2020B BONDS AND 2020C BONDS)**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the El Dorado Irrigation District (the “District”) in connection with the issuance of its \$5,600,000 Refunding Revenue Bonds, Series 2020B (the “2020B Bonds”) and \$129,020,000 Refunding Revenue Bonds, Taxable Series 2020C (the “2020C Bonds” and together with the 2020B Bonds, the “Bonds”). The 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 District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

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

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of December of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated June 15, 2020 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2019) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

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

(a) The audited financial statements for the prior Fiscal Year, which may be included in the Comprehensive Annual Financial Report of the District, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) Principal amount of the Bonds outstanding.

(c) An update of the information in the following tables under the caption entitled “THE WATER SYSTEM OF THE DISTRICT” in the Official Statement:

(i) “El Dorado Irrigation District Historic System Firm Yield In Acre-Foot Per Year;”

(ii) “El Dorado Irrigation District Historic Water Connections;”

(iii) “El Dorado Irrigation District Historic Water Deliveries In Acre-Foot Per Year;” and

(iv) “El Dorado Irrigation District Historic Water Sales Revenues.”

(d) An update of the information in the following tables under the caption

entitled “THE WASTEWATER SYSTEM OF THE DISTRICT” in the Official Statement:

- (i) “El Dorado Irrigation District Historic Wastewater Connections;”
- (ii) “El Dorado Irrigation District Historic Wastewater System Usage;”
- (iii) “El Dorado Irrigation District Historic Wastewater Service Charge Revenues;”
- (iv) “El Dorado Irrigation District Historic Recycled Water Connections;”
- (v) “El Dorado Irrigation District Historic Recycled Water System Demand in Acre-Feet Per Year;” and
- (vi) “El Dorado Irrigation District Historic Recycled Water Service Charge Revenues.”

(e) A table showing Net Revenues of the District and debt service coverage on the Bonds and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Water System Historic Operating Results.”

(f) A table showing Net Revenues of the District and debt service coverage on the Bonds and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Wastewater System Historic Operating Results.”

(g) A table showing Net Revenues of the District and debt service coverage on the Bonds and any parity obligations for the last fiscal year only presented in a similar format as the table entitled “El Dorado Irrigation District Historic Operating Results.”

If the information in sections 4(c) – 4(g) above can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under sections 4(c) – 4(g) above shall not constitute a default hereunder. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

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

- 1. principal and interest payment delinquencies;
- 2. unscheduled draws on debt service reserves reflecting financial difficulties;
- 3. unscheduled draws on credit enhancements reflecting financial

difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bond holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District which is customarily prepared by the District and is publicly available.

7. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. The District will provide notice of such amendment to the Municipal Securities Rulemaking Board.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall

have refused to comply therewith within a reasonable time.

11. Dissemination Agent. The District may from time to time appoint or engage a dissemination agent to assist the District in carrying out its obligations under this Disclosure Certificate and may discharge any such dissemination agent with or without appointing a successor dissemination agent.

12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: June 23, 2020

EL DORADO IRRIGATION DISTRICT

By: 
Its: President of the Board of Directors

ESCROW AGREEMENT (SERIES 2012A)

THIS ESCROW AGREEMENT (SERIES 2012A), dated as of June 1, 2020 (the "Agreement"), by and among the El Dorado Irrigation District (the "District") and MUFG Union Bank, N.A., San Francisco, California, as escrow agent (the "Escrow Agent"), and the 2012 Trustee (as defined below) is entered into in accordance with Resolution No. 2020-009 of the District adopted on May 26, 2020, and an Indenture of Trust, dated as of July 1, 2012 (the "2012 Indenture"), by and between the District and MUFG Union Bank, N.A., formerly known as Union Bank, N.A. (the "2012 Trustee"), and the District to refund the outstanding El Dorado Irrigation District Refunding Revenue Bonds, Series 2012A (the "Refunded 2012A Bonds").

WITNESSETH:

WHEREAS, the District previously authorized the issuance of the Refunded 2012A Bonds pursuant to the 2012 Indenture;

WHEREAS, the District has determined that a portion of the proceeds of the \$129,020,000 aggregate principal amount of the El Dorado Irrigation District Refunding Revenue Bonds, Taxable Series 2020C (the "Bonds") issued pursuant to an Indenture of Trust, dated as of June 1, 2020, by and between the District and MUFG Union Bank, N.A., as trustee (the "Trustee") and certain amounts transferred from the District, will be used to provide the funds to pay on and before March 1, 2022 (the "Redemption Date"), all regularly scheduled payments of interest with respect to the Refunded 2012A Bonds, and to pay on the Redemption Date, the principal of the Refunded 2012A Bonds maturing on and after March 1, 2023, without premium (the "Redemption Price"); and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2012 Indenture), which moneys will be used to purchase securities satisfying the criteria set forth in Section 10.03 of the 2012 Indenture as described on Schedule A hereto (the "Federal Securities"), provided the principal of and the interest on the Federal Securities when paid will provide money which, together with the moneys deposited with the Escrow Agent at the same time pursuant to this Agreement, will be fully sufficient to pay and discharge the Refunded 2012A Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The District hereby instructs the Escrow Agent to deposit \$1,924,387.50 received from the District and the 2012 Trustee (which receipt the Escrow Agreement hereby confirms) and \$26,143,706.23 received from the Trustee from the net proceeds of the sale of the Bonds in the Escrow Fund established hereunder. The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the District and the Escrow Agent in a fund hereby created and established to be known as the "Escrow Fund" and to be applied solely as provided in this Agreement. The District hereby instructs the Escrow Agent to apply \$28,068,093.00 of the moneys set forth above to purchase the Federal Securities listed in Schedule A hereto, and to hold \$0.73 uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal

Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to conclusively rely upon the conclusion of Robert Thomas CPA, LLC (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay when due all regularly scheduled payments of interest with respect to the Refunded 2012A Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2012A Bonds maturing on and after March 1, 2023.

The Escrow Agent shall, upon receipt of a written request, furnish the District cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as such transactions occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the District, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the District, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest with respect to the Refunded 2012A Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2012A Bonds maturing on and after March 1, 2023, and provided that the District has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded 2012A Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the District with respect to the refunding of the Refunded 2012A Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent. The determination of the District as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the District has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect

that the substitution of securities is permitted under the legal documents in effect with respect to the Refunded 2012A Bonds and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded 2012A Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest with respect to the Refunded 2012A Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2012A Bonds maturing on and after March 1, 2023. The Escrow Agent shall not be liable or responsible for any losses, fees, taxes or other charges resulting from any investment, reinvestment or liquidation of investments made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded 2012A Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay when due the regularly scheduled payments of interest with respect to the Refunded 2012A Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2012A Bonds maturing on and after March 1, 2023.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Section 4.03 of the 2012 Indenture and to be provided to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access are substantially in the forms attached hereto as Exhibits A and B. The District hereby irrevocably instructs the Escrow Agent to mail a notice of redemption in accordance with Section 4.03 of the 2012 Indenture, as required to provide for the redemption of the Refunded 2012A Bonds in accordance with this Section 5, and to provide a notice of defeasance of the Refunded 2012A Bonds to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for six months after August 1, 2022 shall be repaid by the Escrow Agent to the District.

(d) Priority of Payments. The owners of the Refunded 2012A Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2012 Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all obligations of the District under the Indenture with respect to the Refunded 2012A Bonds shall cease, terminate and be completely discharged, except as set forth in the 2012 Indenture.

SECTION 6. Application of Certain Terms of the 2012A Indenture. All of the terms of the 2012 Indenture relating to the making of payments of principal and interest with respect to the Refunded 2012A Bonds and relating to the exchange or transfer of the Refunded 2012A Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Sections 8.01 and 8.02 of the 2012 Indenture relating to the resignation and removal and merger of the 2012 Trustee under the 2012 Indenture are also incorporated in this Agreement as if set forth in full herein

and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2, 3, 4, and 5 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the Refunded 2012A Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded 2012A Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel of its selection, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action

taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District.

SECTION 11. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Refunded 2012A Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, Division 11 of the Water Code of the State of California, or the 2012 Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded 2012A Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded 2012A Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the Refunded 2012A Bonds.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded 2012A Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 14. Compensation. The Escrow Agent shall receive its fees and expenses as previously agreed to by the Escrow Agent and the District and any other fees and expenses of the Escrow Agent approved by the District; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts and Electronic Signing. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be 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 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

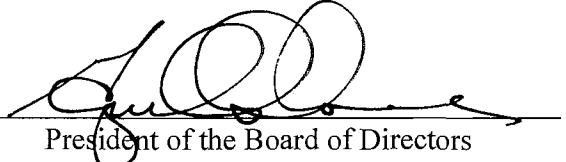
SECTION 19. Notice to Insurer. In the event that this agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to Assured Guaranty Municipal Corp. (the “Insurer”), 1633 Broadway, New York, New York 10019, Attention: Managing Director. The Escrow Agent shall provide written notice of any such amendment, together with a draft thereof, prior to the execution and delivery to the Insurer at the address set forth above. Any such amendment shall be acceptable in form and substance to the Insurer (so long as the Insurer has not defaulted on any obligation under the Insurance Policy or the Reserve Surety Policy (as such terms are defined in the 2012 Indenture)).

SECTION 20. Notice to District and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the Designated Corporate Trust Office of the Escrow Agent at 350 California Street, 17th Floor, San Francisco, California 94104, Attention: Corporate Trust Department, Facsimile: (415) 273-2492; E-mail: SFCT@unionbank.com. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the District at 2890 Mosquito Road, Placerville, California 95667, Attention: General Manager (or such other address as may have been filed in writing by the District with the Escrow Agent).

[Remainder of Page Intentionally Left Blank]

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

EL DORADO IRRIGATION DISTRICT

By: 
President of the Board of Directors

MUFG UNION BANK, N.A.,
as Escrow Agent


By: _____
Authorized Signatory

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

EL DORADO IRRIGATION DISTRICT

By: _____
President of the Board of Directors

MUFG UNION BANK, N.A.,
as Escrow Agent


By: _____
Authorized Signatory

SCHEDULE A

Federal Securities

<i>Security</i>	<i>Type of SLGS</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
SLGS	Certificate	09/01/2020	\$ 626,617	0.150%
SLGS	Certificate	03/01/2021	7,036,723	0.180
SLGS	Note	09/01/2021	454,684	0.170
SLGS	Note	03/01/2022	19,950,069	0.180

EXHIBIT A

NOTICE OF REDEMPTION

EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2012A

BASE CUSIP NO. 283062

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Bonds”) of the El Dorado Irrigation District (the “District”) pursuant to the Indenture of Trust, dated as of July 1, 2012 (the “2012 Indenture”), by and between the District and MUFG Union Bank, N.A., formerly known as Union Bank, N.A., as trustee (the “2012 Trustee”), that the Bonds in the amount of \$17,460,000 have been called for redemption on March 1, 2022 (the “Redemption Date”).

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>	<i>Redemption Price</i>
AG2	2023	5.00%	\$2,140,000	100%
AH0	2024	5.00	2,245,000	100
AJ6	2025	5.00	2,365,000	100
AK3	2026	5.00	2,485,000	100
AL1	2027	5.00	2,610,000	100
AM9	2028	5.00	2,745,000	100
AN7	2029	4.00	2,870,000	100

The Bonds will be payable on the Redemption Date at a Redemption Price of 100% of the principal amount plus accrued interest to such date (the “Redemption Price”). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest on the Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the 2012 Trustee.

All Bonds are required to be surrendered to the Designated Corporate Trust Office of the 2012 Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

MUFG Union Bank, N.A.
Corporate Trust Department
445 Figueroa Street, Suite 401
Los Angeles, California 90071

If the Owner of any Bond subject to optional redemption fails to deliver such Bond to the 2012 Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2012 Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

MUFG UNION BANK, N.A., as
Trustee

DATED this ___ day of _____, 20__.

EXHIBIT B

NOTICE OF DEFEASANCE

EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2012A

BASE CUSIP NO. 283062

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (as further defined below, the “Refunded 2012A Bonds”), of the El Dorado Irrigation District (the “District”), that the District has deposited with MUFG Union Bank, N.A., formerly known as Union Bank, N.A., as trustee (the “2012 Trustee”) under the Indenture of Trust, dated as of July 1, 2012 (the “2012 Indenture”), by and between the District and the 2012 Trustee, cash and federal securities, the principal of and interest on which when paid will provide moneys sufficient to pay on and before March 1, 2022 the regularly scheduled payments of interest with respect to the Refunded 2012A Bonds, and to pay on March 1, 2022, the principal with respect to the Refunded 2012A Bonds maturing on and after March 1, 2023, without premium.

The Refunded 2012A Bonds defeased are as follows:

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>
AE7	2021	5.00%	\$6,430,000
AF4	2022	5.00	2,035,000
AG2	2023	5.00	2,140,000
AH0	2024	5.00	2,245,000
AJ6	2025	5.00	2,365,000
AK3	2026	5.00	2,485,000
AL1	2027	5.00	2,610,000
AM9	2028	5.00	2,745,000
AN7	2029	4.00	2,870,000

In accordance with the 2012 Indenture, the Refunded 2012A Bonds are deemed to have been paid in accordance with Section 10.02 thereof and the obligations of the District under the 2012 Indenture, with respect to the Refunded 2012A Bonds have ceased, terminated and have been completely discharged, except as set forth in the 2012 Indenture.

MUFG UNION BANK, N.A., as
Trustee

DATED this 23rd day of June, 2020.

ESCROW AGREEMENT (SERIES 2012B)

THIS ESCROW AGREEMENT (SERIES 2012B), dated as of June 1, 2020 (the “Agreement”), by and among the El Dorado Irrigation District (the “District”) and MUFG Union Bank, N.A., San Francisco, California, as escrow agent (the “Escrow Agent”), and the 2012 Trustee (as defined below) is entered into in accordance with Resolution No. 2020-009 of the District adopted on May 26, 2020, and an Indenture of Trust, dated as of July 1, 2012 (the “2012 Indenture”), by and between the District and MUFG Union Bank, N.A., formerly known as Union Bank, N.A. (the “2012 Trustee”), and the District to refund the outstanding El Dorado Irrigation District Refunding Revenue Bonds, Series 2012B (the “Refunded 2012B Bonds”).

WITNESSETH:

WHEREAS, the District previously authorized the issuance of the Refunded 2012B Bonds pursuant to the 2012 Indenture;

WHEREAS, by irrevocably depositing with the Escrow Agent District moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2012 Indenture), which moneys will be used to purchase securities satisfying the criteria set forth in Section 10.03 of the 2012 Indenture as described on Schedule A hereto (the “Federal Securities”), provided the principal of the Federal Securities when paid will provide money which, together with the moneys deposited with the Escrow Agent at the same time pursuant to this Agreement, will be fully sufficient to pay and discharge the Refunded 2012B Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The District hereby instructs the Escrow Agent to deposit \$227,975.00 received from the District (which receipt the Escrow Agreement hereby confirms) in the Escrow Fund established hereunder. The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the District and the Escrow Agent in a fund hereby created and established to be known as the “Escrow Fund” and to be applied solely as provided in this Agreement. The District hereby instructs the Escrow Agent to apply \$227,975.00 of the moneys set forth above to purchase the Federal Securities listed in Schedule A hereto.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to conclusively rely upon the conclusion of Robert Thomas CPA, LLC (the “Verification Agent”), that the Federal Securities listed on Schedule A hereto mature and be payable in such amounts and at such times as will be sufficient to pay when due all regularly scheduled payments of interest with respect to the Refunded 2012B Bonds on and before March 1, 2021, and to pay on March 1, 2021, the principal of the Refunded 2012B Bonds.

The Escrow Agent shall, upon receipt of a written request, furnish the District cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District. Upon the District’s election, such statements will be delivered via the Escrow Agent’s online service and upon electing such service, paper statements will

be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as such transactions occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the District, the Escrow Agent shall reinvest any other amount of principal, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the District, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest with respect to the Refunded 2012B Bonds on and before March 1, 2021, and to pay on March 1, 2021, the principal of the Refunded 2012B Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the District with respect to the refunding of the Refunded 2012B Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent. The determination of the District as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the District has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the Refunded 2012B Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest with respect to the Refunded 2012B Bonds on and before March 1, 2021, and to pay on March 1, 2021, the principal of the Refunded 2012B Bonds. The Escrow Agent shall not be liable or responsible for any losses, fees, taxes or other charges resulting from any investment, reinvestment or liquidation of investments made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded 2012B Bonds.

(a) Payment. From the maturing principal of the Federal Securities on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay when due the regularly scheduled payments of interest with respect to the Refunded 2012B Bonds on and before March 1, 2021, and to pay on March 1, 2021, the principal of the Refunded 2012B Bonds.

(b) Irrevocable Instructions to Provide Notice. The form of the notice to be provided to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access are substantially in the form attached hereto as Exhibit A. The District hereby irrevocably instructs the Escrow Agent to provide a notice of defeasance of the Refunded 2012B Bonds to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for six months after August 1, 2021 shall be repaid by the Escrow Agent to the District.

(d) Priority of Payments. The owners of the Refunded 2012B Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2012 Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all obligations of the District under the Indenture with respect to the Refunded 2012B Bonds shall cease, terminate and be completely discharged, except as set forth in the 2012 Indenture.

SECTION 6. Application of Certain Terms of the 2012 Indenture. All of the terms of the 2012 Indenture relating to the making of payments of principal and interest with respect to the Refunded 2012B Bonds and relating to the exchange or transfer of the Refunded 2012B Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Sections 8.01 and 8.02 of the 2012 Indenture relating to the resignation and removal and merger of the 2012 Trustee under the 2012 Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2, 3, 4, and 5 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement;

provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the Refunded 2012B Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded 2012B Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel of its selection, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District.

SECTION 11. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Refunded 2012B Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, Division 11 of the Water Code of the State of California, or the 2012 Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded 2012B Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded 2012B Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the Refunded 2012B Bonds.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded 2012B Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 14. Compensation. The Escrow Agent shall receive its fees and expenses as previously agreed to by the Escrow Agent and the District and any other fees and expenses of the Escrow Agent approved by the District; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts and Electronic Signing. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be 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 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 19. Notice to Insurer. In the event that this agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to Assured Guaranty Municipal Corp. (the “Insurer”), 1633 Broadway, New York, New York 10019, Attention: Managing Director. The Escrow Agent shall provide written notice of any such amendment, together with a draft thereof, prior to the execution and

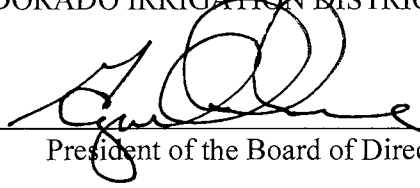
delivery to the Insurer at the address set forth above. Any such amendment shall be acceptable in form and substance to the Insurer (so long as the Insurer has not defaulted on any obligation under the Insurance Policy or the Reserve Surety Policy (as such terms are defined in the 2012 Indenture)).

SECTION 20. Notice to District and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the Designated Corporate Trust Office of the Escrow Agent at 350 California Street, 17th Floor, San Francisco, California 94104, Attention: Corporate Trust Department, Facsimile: (415) 273-2492; E-mail: SFCT@unionbank.com. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the District at 2890 Mosquito Road, Placerville, California 95667, Attention: General Manager (or such other address as may have been filed in writing by the District with the Escrow Agent).

[Remainder of Page Intentionally Left Blank]

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

EL DORADO IRRIGATION DISTRICT

By:  _____
President of the Board of Directors

MUFG UNION BANK, N.A.,
as Escrow Agent


By: _____
Authorized Signatory

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

EL DORADO IRRIGATION DISTRICT

By: _____
President of the Board of Directors

MUFG UNION BANK, N.A.,
as Escrow Agent


By: _____
Authorized Signatory

SCHEDULE A

Federal Securities

<i>Security</i>	<i>Type of SLGS</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
SLGS	Certificate	09/01/2020	\$ 3,988	--
SLGS	Certificate	03/01/2021	223,987	--

EXHIBIT A

NOTICE OF DEFEASANCE

EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2012B

BASE CUSIP NO. 283062

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (as further defined below, the “Refunded 2012B Bonds”), of the El Dorado Irrigation District (the “District”), that the District has deposited with MUFG Union Bank, N.A., formerly known as Union Bank, N.A., as trustee (the “2012 Trustee”) under the Indenture of Trust, dated as of July 1, 2012 (the “2012 Indenture”), by and between the District and the 2012 Trustee, federal securities, the principal of which when paid will provide moneys sufficient to pay on and before March 1, 2021 the regularly scheduled payments of interest with respect to the Refunded 2012B Bonds, and to pay on March 1, 2021, the principal of the Refunded 2012B Bonds.

The Refunded 2012B Bonds defeased are as follows:

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>
AX5	2021	3.625%	\$220,000

In accordance with the 2012 Indenture, the Refunded 2012B Bonds are deemed to have been paid in accordance with Section 10.02 thereof and the obligations of the District under the 2012 Indenture, with respect to the Refunded 2012B Bonds have ceased, terminated and have been completely discharged, except as set forth in the 2012 Indenture.

MUFG UNION BANK, N.A., as
Trustee

DATED this 23rd day of June, 2020.

ESCROW AGREEMENT (SERIES 2014A)

THIS ESCROW AGREEMENT (SERIES 2014A), dated as of June 1, 2020 (the “Agreement”), by and among the El Dorado Irrigation District (the “District”) and MUFG Union Bank, N.A., San Francisco, California, as escrow agent (the “Escrow Agent”), and the 2014 Trustee (as defined below) is entered into in accordance with Resolution No. 2020-009 of the District adopted on May 26, 2020, and an Indenture of Trust, dated as of January 1, 2014 (the “2014 Indenture”), by and between the District and MUFG Union Bank, N.A., formerly known as Union Bank, N.A. (the “2014 Trustee”), and the District to refund a portion of the outstanding El Dorado Irrigation District Refunding Revenue Bonds, Series 2014A (the “Refunded 2014A Bonds”).

WITNESSETH:

WHEREAS, the District previously authorized the issuance of the Refunded 2014A Bonds pursuant to the 2014 Indenture;

WHEREAS, the District has determined that a portion of the proceeds of the \$129,020,000 aggregate principal amount of the El Dorado Irrigation District Refunding Revenue Bonds, Taxable Series 2020C (the “Bonds”) issued pursuant to an Indenture of Trust, dated as of June 1, 2020, by and between the District and MUFG Union Bank, N.A., as trustee (the “Trustee”) and certain amounts transferred from the District, will be used to provide the funds to pay on and before March 1, 2024 (the “Redemption Date”), all regularly scheduled payments of interest with respect to the Refunded 2014A Bonds, and to pay on the Redemption Date, the principal of the Refunded 2014A Bonds maturing on and after March 1, 2027, without premium (the “Redemption Price”); and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2014 Indenture), which moneys will be used to purchase securities satisfying the criteria set forth in Section 10.03 of the 2014 Indenture as described on Schedule A hereto (the “Federal Securities”), provided the principal of and the interest on the Federal Securities when paid will provide money which, together with the moneys deposited with the Escrow Agent at the same time pursuant to this Agreement, will be fully sufficient to pay and discharge the Refunded 2014A Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The District hereby instructs the Escrow Agent to deposit \$1,108,340.63 received from the District and the 2014 Trustee (which receipt the Escrow Agreement hereby confirms) and \$102,292,724.12 received from the Trustee from the net proceeds of the sale of the Bonds in the Escrow Fund established hereunder. The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the District and the Escrow Agent in a fund hereby created and established to be known as the “Escrow Fund” and to be applied solely as provided in this Agreement. The District hereby instructs the Escrow Agent to apply \$103,400,328.56 of the moneys set forth above to purchase the Federal Securities listed in Schedule A hereto, and to hold \$736.19 uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal

Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to conclusively rely upon the conclusion of Robert Thomas CPA, LLC (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay when due all regularly scheduled payments of interest with respect to the Refunded 2014A Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2014A Bonds maturing on and after March 1, 2027.

The Escrow Agent shall, upon receipt of a written request, furnish the District cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as such transactions occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the District, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the District, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest with respect to the Refunded 2014A Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2014A Bonds maturing on and after March 1, 2027, and provided that the District has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded 2014A Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the District with respect to the refunding of the Refunded 2014A Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent. The determination of the District as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the District has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect

that the substitution of securities is permitted under the legal documents in effect with respect to the Refunded 2014A Bonds and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded 2014A Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest with respect to the Refunded 2014A Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2014A Bonds maturing on and after March 1, 2027. The Escrow Agent shall not be liable or responsible for any losses, fees, taxes or other charges resulting from any investment, reinvestment or liquidation of investments made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded 2014A Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay when due the regularly scheduled payments of interest with respect to the Refunded 2014A Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2014A Bonds maturing on and after March 1, 2027.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Section 4.03 of the 2014 Indenture and to be provided to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access are substantially in the forms attached hereto as Exhibits A and B. The District hereby irrevocably instructs the Escrow Agent to mail a notice of redemption in accordance with Section 4.03 of the 2014 Indenture, as required to provide for the redemption of the Refunded 2014A Bonds in accordance with this Section 5, and to provide a notice of defeasance of the Refunded 2014A Bonds to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for six months after August 1, 2024 shall be repaid by the Escrow Agent to the District.

(d) Priority of Payments. The owners of the Refunded 2014A Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2014 Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all obligations of the District under the Indenture with respect to the Refunded 2014A Bonds shall cease, terminate and be completely discharged, except as set forth in the 2014 Indenture.

SECTION 6. Application of Certain Terms of the 2014A Indenture. All of the terms of the 2014 Indenture relating to the making of payments of principal and interest with respect to the Refunded 2014A Bonds and relating to the exchange or transfer of the Refunded 2014A Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Sections 8.01 and 8.02 of the 2014 Indenture relating to the resignation and removal and merger of the 2014 Trustee under the 2014 Indenture are also incorporated in this Agreement as if set forth in full herein

and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2, 3, 4, and 5 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the Refunded 2014A Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded 2014A Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel of its selection, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action

taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District.

SECTION 11. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Refunded 2014A Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, Division 11 of the Water Code of the State of California, or the 2014 Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded 2014A Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded 2014A Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the Refunded 2014A Bonds.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded 2014A Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 14. Compensation. The Escrow Agent shall receive its fees and expenses as previously agreed to by the Escrow Agent and the District and any other fees and expenses of the Escrow Agent approved by the District; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts and Electronic Signing. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be 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 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

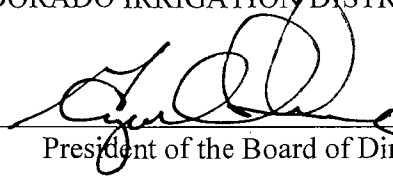
SECTION 19. Notice to Insurer. In the event that this agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to Assured Guaranty Municipal Corp. (the “Insurer”), 1633 Broadway, New York, New York 10019, Attention: Managing Director. The Escrow Agent shall provide written notice of any such amendment, together with a draft thereof, prior to the execution and delivery to the Insurer at the address set forth above. Any such amendment shall be acceptable in form and substance to the Insurer (so long as the Insurer has not defaulted on any obligation under the Insurance Policy or the Reserve Surety Policy (as such terms are defined in the 2014 Indenture)).

SECTION 20. Notice to District and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the Designated Corporate Trust Office of the Escrow Agent at 350 California Street, 17th Floor, San Francisco, California 94104, Attention: Corporate Trust Department, Facsimile: (415) 273-2492; E-mail: SFCT@unionbank.com. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the District at 2890 Mosquito Road, Placerville, California 95667, Attention: General Manager (or such other address as may have been filed in writing by the District with the Escrow Agent).

[Remainder of Page Intentionally Left Blank]

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

EL DORADO IRRIGATION DISTRICT

By:  _____
President of the Board of Directors

MUFG UNION BANK, N.A.,
as Escrow Agent


By: _____
Authorized Signatory

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

EL DORADO IRRIGATION DISTRICT

By: _____
President of the Board of Directors

MUFG UNION BANK, N.A.,
as Escrow Agent


By: _____
Authorized Signatory

SCHEDULE A

Federal Securities

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Price</i>
TBill	08/27/2020	\$2,129,000	--	99.972917
TBill	02/25/2021	2,128,000	--	99.890222
TNote	08/31/2021	2,129,000	1.125%	101.125000
TNote	02/28/2022	2,141,000	1.125	101.593750
TNote	08/31/2022	2,153,000	1.625	103.125000
TNote	02/28/2023	2,170,000	1.500	103.421875
TNote	08/31/2023	2,187,000	2.750	108.031250
TSTRIP-I	02/15/2024	88,871,000	--	98.948000

EXHIBIT A

NOTICE OF REDEMPTION

EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2014A

BASE CUSIP NO. 283062

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Bonds”) of the El Dorado Irrigation District (the “District”) pursuant to the Indenture of Trust, dated as of January 1, 2014 (the “2014 Indenture”), by and between the District and MUFG Union Bank, N.A., formerly known as Union Bank, N.A., as trustee (the “2014 Trustee”), that the Bonds in the amount of \$86,655,000 have been called for redemption on March 1, 2024 (the “Redemption Date”).

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>	<i>Redemption Price</i>
BL0	2027	5.00%	\$4,840,000	100%
BM8	2028	5.00	5,090,000	100
BN6	2029	5.00	5,345,000	100
BP1	2034	5.00	31,135,000	100
BQ9	2039	5.25	40,245,000	100

The Bonds will be payable on the Redemption Date at a Redemption Price of 100% of the principal amount plus accrued interest to such date (the “Redemption Price”). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest on the Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the 2014 Trustee.

All Bonds are required to be surrendered to the Designated Corporate Trust Office of the 2014 Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

MUFG Union Bank, N.A.
Corporate Trust Department
445 Figueroa Street, Suite 401
Los Angeles, California 90071

If the Owner of any Bond subject to optional redemption fails to deliver such Bond to the 2014 Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2014 Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

MUFG UNION BANK, N.A., as
Trustee

DATED this ___ day of _____, 20__.

EXHIBIT B

NOTICE OF DEFEASANCE

EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2014A

BASE CUSIP NO. 283062

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (as further defined below, the “Refunded 2014A Bonds”), of the El Dorado Irrigation District (the “District”), that the District has deposited with MUFG Union Bank, N.A., formerly known as Union Bank, N.A., as trustee (the “2014 Trustee”) under the Indenture of Trust, dated as of January 1, 2014 (the “2014 Indenture”), by and between the District and the 2014 Trustee, cash and federal securities, the principal of and interest on which when paid will provide moneys sufficient to pay on and before March 1, 2024 the regularly scheduled payments of interest with respect to the Refunded 2014A Bonds, and to pay on March 1, 2024, the principal with respect to the Refunded 2014A Bonds maturing on and after March 1, 2027, without premium.

The Refunded 2014A Bonds defeased are as follows:

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>
BL0	2027	5.00%	\$4,840,000
BM8	2028	5.00	5,090,000
BN6	2029	5.00	5,345,000
BP1	2034	5.00	31,135,000
BQ9	2039	5.25	40,245,000

In accordance with the 2014 Indenture, the Refunded 2014A Bonds are deemed to have been paid in accordance with Section 10.02 thereof and the obligations of the District under the 2014 Indenture, with respect to the Refunded 2014A Bonds have ceased, terminated and have been completely discharged, except as set forth in the 2014 Indenture.

MUFG UNION BANK, N.A., as
Trustee

DATED this 23rd day of June, 2020.

ESCROW AGREEMENT (SERIES 2016C)

THIS ESCROW AGREEMENT (SERIES 2016C), dated as of June 1, 2020 (the "Agreement"), by and among the El Dorado Irrigation District (the "District") and MUFG Union Bank, N.A., San Francisco, California, as escrow agent (the "Escrow Agent"), and the 2016 Trustee (as defined below) is entered into in accordance with Resolution No. _____ of the District adopted on May 26, 2020, and an Indenture of Trust, dated as of September 1, 2016 (the "2016 Indenture"), by and between the District and MUFG Union Bank, N.A., formerly known as Union Bank, N.A. (the "2016 Trustee"), and the District to refund a portion of the outstanding El Dorado Irrigation District Refunding Revenue Bonds, Series 2016C (the "Refunded 2016C Bonds").

WITNESSETH:

WHEREAS, the District previously authorized the issuance of the Refunded 2016C Bonds pursuant to the 2016 Indenture;

WHEREAS, the District has determined that a portion of the proceeds of the \$ _____ aggregate principal amount of the El Dorado Irrigation District Refunding Revenue Bonds, Taxable Series 2020C (the "Bonds") issued pursuant to an Indenture of Trust, dated as of June 1, 2020, by and between the District and MUFG Union Bank, N.A., as trustee (the "Trustee"), will be used to provide the funds to pay on and before March 1, 2026 (the "Redemption Date"), all regularly scheduled payments of interest with respect to the Refunded 2016C Bonds, and to pay on the Redemption Date, the principal of the Refunded 2016C Bonds maturing on March 1, 2035, without premium (the "Redemption Price"); and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2016 Indenture), which moneys will be used to purchase securities satisfying the criteria set forth in Section 10.03 of the 2016 Indenture as described on Schedule A hereto (the "Federal Securities"), provided the principal of and the interest on the Federal Securities when paid will provide money which, together with the moneys deposited with the Escrow Agent at the same time pursuant to this Agreement, will be fully sufficient to pay and discharge the Refunded 2016C Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The District hereby instructs the Escrow Agent to deposit \$ _____ received from the District (which receipt the Escrow Agent hereby confirms) and \$ _____ received from the Trustee from the net proceeds of the sale of the Bonds in the Escrow Fund established hereunder. The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the District and the Escrow Agent in a fund hereby created and established to be known as the "Escrow Fund" and to be applied solely as provided in this Agreement. The District hereby instructs the Escrow Agent to apply \$ _____ of the moneys set forth above to purchase the Federal Securities listed in Schedule A hereto, and to hold \$ _____ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal

Securities listed on Schedule A hereto and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to conclusively rely upon the conclusion of Robert Thomas CPA, LLC (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay when due all regularly scheduled payments of interest with respect to the Refunded 2016C Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2016C Bonds maturing on March 1, 2035.

The Escrow Agent shall, upon receipt of a written request, furnish the District cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as such transactions occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the District, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the District, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest with respect to the Refunded 2016C Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2016C Bonds maturing on March 1, 2035, and provided that the District has obtained and delivered to the Escrow Agent an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded 2016C Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the District with respect to the refunding of the Refunded 2016C Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the District promptly upon the receipt of such interest income by the Escrow Agent. The determination of the District as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the District, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the District has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the

Refunded 2016C Bonds and that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded 2016C Bonds; and (ii) a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due all regularly scheduled payments of interest with respect to the Refunded 2016C Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2016C Bonds maturing on March 1, 2035. The Escrow Agent shall not be liable or responsible for any losses, fees, taxes or other charges resulting from any investment, reinvestment or liquidation of investments made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded 2016C Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay when due the regularly scheduled payments of interest with respect to the Refunded 2016C Bonds on and before the Redemption Date, and to pay on the Redemption Date, the Redemption Price of the Refunded 2016C Bonds maturing on March 1, 2035.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Section 4.03 of the 2016 Indenture and to be provided to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access are substantially in the forms attached hereto as Exhibits A and B. The District hereby irrevocably instructs the Escrow Agent to mail a notice of redemption in accordance with Section 4.03 of the 2016 Indenture, as required to provide for the redemption of the Refunded 2016C Bonds in accordance with this Section 5, and to provide a notice of defeasance of the Refunded 2016C Bonds to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for six months after August 1, 2026 shall be repaid by the Escrow Agent to the District.

(d) Priority of Payments. The owners of the Refunded 2016C Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2016 Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof and the purchase of the various Federal Securities as provided in Section 2 hereof, all obligations of the District under the Indenture with respect to the Refunded 2016C Bonds shall cease, terminate and be completely discharged, except as set forth in the 2016 Indenture.

SECTION 6. Application of Certain Terms of the 2016C Indenture. All of the terms of the 2016 Indenture relating to the making of payments of principal and interest with respect to the Refunded 2016C Bonds and relating to the exchange or transfer of the Refunded 2016C Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Sections 8.01 and 8.02 of the 2016 Indenture relating to the resignation and removal and merger of the 2016 Trustee under the 2016 Indenture are also incorporated in this Agreement as if set forth in full herein

and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2, 3, 4, and 5 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the Refunded 2016C Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded 2016C Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel of its selection, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action

taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District.

SECTION 11. Amendments. This Agreement is made for the benefit of the District and the owners from time to time of the Refunded 2016C Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, Division 11 of the Water Code of the State of California, or the 2016 Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded 2016C Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded 2016C Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the Refunded 2016C Bonds.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded 2016C Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement.

SECTION 14. Compensation. The Escrow Agent shall receive its fees and expenses as previously agreed to by the Escrow Agent and the District and any other fees and expenses of the Escrow Agent approved by the District; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts and Electronic Signing. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be 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 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the District in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 19. Notice to District and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the Designated Corporate Trust Office of the Escrow Agent at 350 California Street, 17th Floor, San Francisco, California 94104, Attention: Corporate Trust Department, Facsimile: (415) 273-2492; E-mail: SFCT@unionbank.com. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the District at 2890 Mosquito Road, Placerville, California 95667, Attention: General Manager (or such other address as may have been filed in writing by the District with the Escrow Agent).

[Remainder of Page Intentionally Left Blank]

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

EL DORADO IRRIGATION DISTRICT

By: _____
President of the Board of Directors

MUFG UNION BANK, N.A.,
as Escrow Agent

By: _____
Authorized Signatory

SCHEDULE A

Federal Securities

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Price</i>
-----------------	-----------------	-----------------------------	--------------------------	--------------

EXHIBIT A

NOTICE OF REDEMPTION

EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2016C

BASE CUSIP NO. 283062

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Bonds”) of the El Dorado Irrigation District (the “District”) pursuant to the Indenture of Trust, dated as of September 1, 2016 (the “2016 Indenture”), by and between the District and MUFG Union Bank, N.A., formerly known as Union Bank, N.A., as trustee (the “2016 Trustee”), that the Bonds in the amount of \$14,470,000 have been called for redemption on March 1, 2026 (the “Redemption Date”).

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>	<i>Redemption Price</i>
CF2	2035	5.00%	\$14,470,000	100%

The Bonds will be payable on the Redemption Date at a Redemption Price of 100% of the principal amount plus accrued interest to such date (the “Redemption Price”). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest on the Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the 2016 Trustee.

All Bonds are required to be surrendered to the Designated Corporate Trust Office of the 2016 Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

MUFG Union Bank, N.A.
Corporate Trust Department
445 Figueroa Street, Suite 401
Los Angeles, California 90071

If the Owner of any Bond subject to optional redemption fails to deliver such Bond to the 2016 Trustee on the Redemption Date, such Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2016 Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

MUFG UNION BANK, N.A., as
Trustee

DATED this ___ day of _____, 20__.

EXHIBIT B

NOTICE OF DEFEASANCE

EL DORADO IRRIGATION DISTRICT
REFUNDING REVENUE BONDS, SERIES 2016C

BASE CUSIP NO. 283062

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (as further defined below, the “Refunded 2016C Bonds”), of the El Dorado Irrigation District (the “District”), that the District has deposited with MUFG Union Bank, N.A., formerly known as Union Bank, N.A., as trustee (the “2016 Trustee”) under the Indenture of Trust, dated as of September 1, 2016 (the “2016 Indenture”), by and between the District and the 2016 Trustee, cash and federal securities, the principal of and interest on which when paid will provide moneys sufficient to pay on and before March 1, 2026 the regularly scheduled payments of interest with respect to the Refunded 2016C Bonds, and to pay on March 1, 2026, the principal with respect to the Refunded 2016C Bonds maturing on March 1, 2035, without premium.

The Refunded 2016C Bonds defeased are as follows:

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>
CF2	2035	5.00%	\$14,470,000

In accordance with the 2016 Indenture, the Refunded 2016C Bonds are deemed to have been paid in accordance with Section 10.02 thereof and the obligations of the District under the 2016 Indenture, with respect to the Refunded 2016C Bonds have ceased, terminated and have been completely discharged, except as set forth in the 2016 Indenture.

MUFG UNION BANK, N.A., as
Trustee

DATED this ___ day of June, 2020.

PURCHASE CONTRACT

EL DORADO IRRIGATION DISTRICT

\$5,600,000 REFUNDING REVENUE BONDS SERIES 2020B

\$129,020,000 REFUNDING REVENUE BONDS TAXABLE SERIES 2020C

June 15, 2020

El Dorado Irrigation District
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. This offer is made subject to its acceptance by the District by execution of this Purchase Contract and its delivery to the Underwriter 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 in the hereinafter defined Indenture.

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,

(a) \$5,600,000 aggregate principal amount of Refunding Revenue Bonds, Series 2020B (the “Series 2020B Bonds”) at a purchase price of \$6,588,240.13 (representing the par amount of the Series 2020B Bonds, plus \$1,002,166.20 of original issue premium and less \$13,926.07 of Underwriter’s discount); and

(b) \$129,020,000 aggregate principal amount of Refunding Revenue Bonds, Taxable Series 2020C (the “Series 2020C Bonds” and together with the Series 2020B Bonds, the “Bonds”) at a purchase price of \$128,699,153.18 (representing the par amount of the Series 2020C Bonds, less \$320,846.82 of Underwriter’s discount); and

2. Description and Purpose of the Bonds. (a) The Bonds will be dated the date of Closing (as hereinafter defined) and will be executed by the District and will be authenticated and delivered by MUFG Union Bank, N.A., as trustee (the “Trustee”),

pursuant to an Indenture of Trust dated as of June 1, 2020 (the “Indenture”) between the District and the Trustee. The Bonds shall be dated the date of delivery thereof and shall mature on the dates and in the amounts and shall bear interest as set forth on Exhibit A hereto and shall be as more particularly described in the Indenture and the Official Statement dated June 15, 2020 and relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the “Official Statement”).

(b) The Bonds shall be secured under, and shall be as described in, and shall be payable and subject to redemption prior to maturity as provided in the Indenture.

(c) The Series 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 and (ii) pay costs of issuance of the Series 2020B Bonds.

(d) The Series 2020C Bonds are being issued to provide funds to (i) refund a portion of the District’s outstanding Refunding Revenue Bonds, Series 2012A; Refunding Revenue Bonds, Series 2014A; and Refunding Revenue Bonds, Series 2016C (collectively, the “Refunded Bonds”) and (ii) pay costs of issuance of the Series 2020C Bonds.

(e) In order to effect the refunding of the Refunded Bonds, the District will enter into an escrow agreement for each series of the Refunded Bonds (collectively, the “Escrow Agreements”), each dated as of June 1, 2020, and each between the District and MUFG Union Bank, N.A., as escrow agent (the “Escrow Agent”).

3. The Series 2020A Certificates. At or about the same time of the issuance of the Bonds, there will be executed and delivered \$61,080,000 aggregate principal amount of Revenue Certificates of Participation, Series 2020A (the “Series 2020A Certificates”). The Series 2020A Certificates shall be executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2020, by and among the District, the El Dorado Irrigation District Financing Corporation (the “Corporation”) and the Trustee. The Series 2020A 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 “2020A Installment Purchase Agreement”), by and between the District and the Corporation.

4. Public Offering. The Underwriter agrees to make an initial public offering of all the Bonds 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 Bonds, provided that the Underwriter shall not change the interest rates set forth on

Exhibit A. The Bonds 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 Bonds 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 Series 2020B Bonds 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 Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2020B Bonds.

(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 Series 2020B Bonds (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 Series 2020B Bonds 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 Series 2020B Bonds 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 Series 2020B Bonds 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 bonds 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 Series 2020B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Series 2020B Bonds of each maturity allocated to it, whether or not the Closing Date (as defined herein) has occurred, until either all Series 2020B Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2020B Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, 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 Series 2020B Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2020B Bonds 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 Series 2020B Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2020B Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2020B Bonds of each maturity allocated to it, whether or not the Closing Date has occurred,

until either all Series 2020B Bonds 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 Series 2020B Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or 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 Series 2020B Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2020B Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020B Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Series 2020B Bonds 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 Series 2020B Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020B Bonds, 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 Series 2020B Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2020B Bonds.

(f) The Underwriter acknowledges that sales of any Series 2020B Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2020B Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(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 Series 2020B Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2020B Bonds to the public

(including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2020B Bonds to the public),

(iii) a purchaser of any of the Series 2020B Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(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 June 9, 2020, relating to the Bonds and the Series 2020C Certificates, 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 Bonds: the Preliminary Official Statement, the Official Statement, the Indenture, the Escrow Agreements and the Continuing Disclosure Certificate (as hereinafter defined) and other documents or contracts to which the District 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 to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

7. The Closing. At 8:00 a.m., California time, on June 23, 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 and the Underwriter, the District will cause to be executed and delivered (i) the Bonds 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 (“Bond Counsel”) in Newport Beach, California or another place to be mutually agreed upon by the District and the Underwriter. The Underwriter will accept such delivery of the Bonds and pay the purchase price of such Bonds as set forth in

Section 1 hereof in immediately available funds to the order of the District. This payment for and delivery of the Bonds, 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 Indenture, the Escrow Agreements, 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 and the Bonds will constitute a 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 as of its date contained and the Official Statement contains 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 Bonds.

(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 Bonds 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 Bonds, or in any way contesting or affecting the validity of the Bonds or the District Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Series 2020B Bonds 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 Bonds 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 as of its date contained or the Official Statement contains 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 the 2020A Installment Purchase Agreement, the 2016B Installment Purchase Agreement, the 2012A Bonds, the 2014 Bonds, the 2016A Bonds, and the 2016B Bonds, which are secured by a lien on the Revenues on a parity with the lien of the Bonds, 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 Bonds 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 Bonds 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 Bonds 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 Bonds; 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 refunding of the Refunded Bonds 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 Bonds.

(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 or Net 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, no later than two days prior to the Closing, 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 Bonds (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 covering the Bonds is set forth as Appendix H 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 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 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 resolution (the “Resolution”) as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement and the District 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, and (iv) 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 Resolution, 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 pay debt service on the Bonds.

(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 Bonds 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 Bonds; 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 Bonds; 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 Bonds, or the execution, delivery, offering or sale of the Bonds, 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 Bonds, 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 Bonds; 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 Bonds; 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 Bonds; 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 Bonds; 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 or marketability of the Bonds; 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 Bonds.

(e) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds the following documents:

(i) Approving Opinion. Approving opinion of Bond Counsel dated the Closing Date and substantially in the form included as Appendix E 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 Bond Counsel addressed to the Underwriter, in the form attached hereto as Exhibit C and dated the Closing Date.

(iii) District Counsel Opinion. An opinion of Brian D. Poulsen Jr., Esq., 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 the 2020A Installment Purchase Agreement, the 2016B Installment Purchase Agreement, the 2012A Bonds, the 2014 Bonds, the 2016A Bonds, and the 2016B Bonds, which are secured by a lien on the Revenues on a parity with the lien of the Bonds, 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 Bonds on the Revenues.

(D) The Resolution of the District approving and authorizing the execution and delivery of the District Documents, and approving the Official Statement, has been duly adopted at a meeting of the governing body of the District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Resolution is in full force and effect and has 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 (but not including any statistical or financial information contained therein or information concerning The Depository Trust Company or the book-entry only system, as to which no opinion is expressed);

(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 Bonds 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 pay debt service on the Bonds; 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 Preliminary Official Statement, as of its date, or 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) 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 Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture constitutes a valid and binding obligation of the Trustee enforceable in accordance with its 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 authenticated the Bonds upon the order of the District;

(D) The Trustee's actions in executing the Indenture 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 Trustee that has not been obtained is or will be required for the issuance of the Bonds or the consummation by the Trustee of its obligations under the Indenture.

(v) Escrow Agent Counsel Opinion. The opinion of counsel to the Escrow Agent, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(A) The Escrow Agent is a national banking association, duly organized and validly existing under the laws of the United States of America, having full corporate power to enter into the Escrow Agreements;

(B) The Escrow Agreements have been duly authorized, executed and delivered by the Escrow Agent and, assuming due authorization, execution and delivery by the other party thereto, the Escrow Agreements constitute the valid and binding obligations of

the Escrow Agent enforceable in accordance with their 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 Escrow Agent's actions in executing and delivering the Escrow Agreements 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 Escrow Agent is a party or any administrative or judicial decision by which the Escrow Agent is bound; 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 Escrow Agent that has not been obtained, is, or will be required for the execution and delivery of the Escrow Agreements or the consummation by the Escrow Agent of its obligations under the Escrow Agreements.

(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 Bonds are not subject to the registration requirements of the Bonds Act of 1933, as amended, and the Indenture 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 Bond Council 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 Bonds, 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 Preliminary Official Statement contained, as of its date, or 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 C, Appendix D, Appendix E, Appendix F or Appendix H 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) 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 Indenture;

(B) The Trustee is duly authorized to enter into the Indenture and has duly executed and delivered the Indenture, and

assuming due authorization and execution by the other parties thereto, the Indenture is legal, valid and binding upon the Trustee, and enforceable against the Trustee in accordance with its terms;

(C) The Trustee has duly authenticated and delivered the Bonds 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 authentication and delivery of the Bonds, or the consummation by the Trustee of its obligations under the Indenture.

(ix) Escrow Agent's Certificate. A certificate, dated the date of the Closing, signed by a duly authorized official of the Escrow Agent satisfactory in form and substance to the Underwriter, to the effect that:

(A) The Escrow Agent 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 Escrow Agreements;

(B) The Escrow Agent is duly authorized to enter into the Escrow Agreements and has duly executed and delivered the Escrow Agreements, and assuming due authorization and execution by the other parties thereto, the Escrow Agreements are legal, valid and binding upon the Escrow Agent, and enforceable against the Escrow Agent in accordance with their respective terms; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Escrow Agent that has not been obtained is or will be required for the consummation by the Escrow Agent of its obligations under the Escrow Agreements.

(x) Transcripts. Two transcripts of all proceedings relating to the authorization, execution and delivery of the Bonds.

(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 District Documents.

(xiii) District Resolution. A certified copy of the Resolution, certified by the District Clerk.

(xiv) Trustee/Escrow Agent Resolution. A certified copy of the general resolution of the Trustee/Escrow Agent authorizing the execution and delivery of certain documents by certain officers and employees of the Trustee/Escrow Agent, which resolution authorizes the execution and delivery of the Indenture and the Escrow Agreements.

(xv) 15c2-12 Certificate of the District. A certificate of the District “deeming final” the Preliminary Official Statement for purposes of Rule 15c2-12.

(xvi) 8038-G. Evidence that a federal tax information form 8038-G relating to the Series 2020B Bonds has been prepared for filing.

(xvii) Tax Certificate. A tax certificate relating to the Series 2020B Bonds in form satisfactory to Bond Counsel.

(xviii) Verification Report. A verification report prepared by Robert Thomas CPA, LLC, as verification agent (the “Verification Agent”) relating to the sufficiency of the amounts held pursuant to the Escrow Agreements to redeem the Refunded Bonds.

(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 Bonds have been assigned ratings of “AA-” and “Aa3,” respectively.

(xxi) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate.

(xxii) Auditor’s Consent. The written consent of Hudson Henderson & Company, Inc. to the inclusion of its report on District’s financial statements for the fiscal years ended December 31, 2019 and 2018, in the Preliminary Official Statement and the Official Statement.

(xxiii) Additional Documents. Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

If the District 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 nor the District 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 cost of preparing, printing, issuing and delivering the Bonds; (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 Bond Counsel and Counsel to the District; (d) the fees and disbursements of the rating agencies; (e) the fees and disbursements of the Verification Agent; (f) 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; (g) 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; (h) CUSIP Service Bureau fees and charges; and (i) Trustee and Escrow Agent fees. In addition, the District shall reimburse the Underwriter for amounts paid to CDIAC in connection with the issuance of the Bonds.

The Underwriter shall pay (from the expense component of the Underwriter's spread or otherwise) 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 Bonds, including any advertising expenses, the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review, 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 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 Bonds.

13. No Advisory or Fiduciary Role. The District acknowledges and agrees that (i) the purchase and sale of the Bonds 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 Bonds.

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

Cameron L. Parks

Accepted as of the date
first stated above:

EL DORADO IRRIGATION DISTRICT

By: _____
General Manager

CITIGROUP GLOBAL MARKETS INC.

By: _____
Managing Director

Accepted as of the date
first stated above:

EL DORADO IRRIGATION DISTRICT

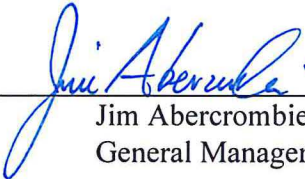
By:  _____
Jim Abercrombie
General Manager

EXHIBIT A

EL DORADO IRRIGATION DISTRICT

\$5,600,000 REFUNDING REVENUE BONDS SERIES 2020B

<u>Maturity Date</u> <u>(March 1)</u>	<u>Principal Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	
2021	\$675,000	5.000%	0.250%	103.266%	*
2022	730,000	5.000	0.260	107.982	*
2023	765,000	5.000	0.280	112.634	*
2024	720,000	5.000	0.310	117.188	*
2025	760,000	5.000	0.410	121.294	*
2026	690,000	5.000	0.560	124.825	*
2027	730,000	5.000	0.730	127.824	*
2028	530,000	5.000	0.810	131.171	*

* General Rule Maturities.

\$129,020,000 REFUNDING REVENUE BONDS TAXABLE SERIES 2020C

<u>Maturity Date</u> <u>(March 1)*</u>	<u>Principal Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
2020*	\$1,770,000	0.539%	0.539%	100.000%
2021	8,230,000	0.639	0.639	100.000
2022	3,660,000	0.739	0.739	100.000
2023	3,690,000	0.871	0.871	100.000
2024	3,725,000	1.080	1.080	100.000
2025	3,770,000	1.280	1.280	100.000
2026	3,825,000	1.487	1.487	100.000
2027	8,645,000	1.687	1.687	100.000
2028	8,805,000	1.955	1.955	100.000
2029	8,975,000	2.055	2.055	100.000
2030	6,600,000	2.155	2.155	100.000
2031	6,750,000	2.255	2.255	100.000
2032	6,905,000	2.335	2.335	100.000
2033	7,070,000	2.435	2.435	100.000
2034	7,250,000	2.535	2.535	100.000
2035	7,440,000	2.635	2.635	100.000
2036	7,645,000	2.736	2.736	100.000
2037	7,855,000	2.836	2.836	100.000
2038	8,085,000	2.886	2.886	100.000
2039	8,325,000	2.936	2.936	100.000

* The 2020 maturity of the Series 2020C Bonds is due September 1, 2020.

EXHIBIT B

ISSUE PRICE CERTIFICATE

EL DORADO IRRIGATION DISTRICT
\$5,600,000 REFUNDING REVENUE BONDS SERIES 2020B

The undersigned, on behalf of Citigroup Global Markets Inc. (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Series 2020B Bonds”).

The Underwriter and the El Dorado Irrigation District (the “Issuer”), have executed a Purchase Contract (the “Purchase Contract”) in connection with the Series 2020B Bonds on June 15, 2020, (the “Sale Date”). The Underwriter has not modified the Purchase Contract since its execution on the Sale Date.

1. ***Sale of the Series 2020B Bonds.*** As of the Sale Date, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the General Rule Maturities was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

Issuer means the El Dorado Irrigation District.

General Rule Maturities means those Maturities of the Series 2020B Bonds listed in Schedule A hereto as the “*General Rule Maturities.*”

Maturity means Series 2020B Bonds with the same credit and payment terms. Series 2020B Bonds with different maturity dates, or Series 2020B Bonds 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 Series 2020B Bonds 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 Series 2020B Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2020B Bonds 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 Series 2020B Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with rendering its opinion that the interest on the Series 2020B Bonds 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 Series 2020B Bonds. 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

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL TO THE DISTRICT

Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel to the District, proposes to deliver an opinion in substantially the following form in connection with the initial issuance of the Bonds.

_____, 2020

Citigroup Global Markets, Inc.
444 South Flower Street, 27th Floor
Los Angeles, California 90071

*Re: \$ _____ El Dorado Irrigation District Refunding Revenue Bonds, Series
 2020B and Taxable Series 2020C*

Ladies and Gentlemen:

We have acted as Bond Counsel to the El Dorado Irrigation District (the “District”) in connection with the issuance and sale of above-referenced bonds (the “Bonds”). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the 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 Bonds have been authenticated by the Trustee pursuant to the terms of the Indenture. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract (as defined below) and if not defined therein, in the Official Statement, dated _____, 2020 (the “Official Statement”) relating to the Bonds.

On the date hereof, we delivered to the District an opinion relating to the validity of the Bonds and the Indenture. You are authorized to rely upon said opinion as if addressed to you.

Based upon the foregoing and our review of such other information, documents and matters of law as we considered necessary and in reliance on the foregoing, as appropriate, we are of the opinion that:

1. The Purchase Contract, dated _____, 2020 (the “Purchase Contract”), by and between the District and Citigroup Global Markets, Inc., as underwriter (the “Underwriter”) with respect to the Bonds, has been duly authorized, executed and delivered by the District, and assuming due authorization, execution and delivery by the Underwriter, is a valid and binding agreement of the District enforceable in accordance with its terms.

2. The statements contained in the Official Statement on the cover page and under the captions “INTRODUCTION,” “THE 2020 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE 2020A CERTIFICATES AND THE 2020 BONDS,” “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES” and “TAX MATTERS” and APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS WITH RESPECT TO THE 2020 BONDS,” and in APPENDIX E – “FORM OF BOND COUNSEL OPINION,” insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture, State law and our opinion concerning certain federal tax matters relating to the Bonds (but not including any statistical or financial information contained therein or information concerning The Depository Trust Company or the book-entry only system, as to which no opinion is expressed), are accurate in all material respects.

3. The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

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 Purchase Contract, the Indenture, the Escrow Agreements, the Continuing Disclosure Certificate and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer 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.

This letter is limited to matters governed by the laws of the State of California and federal law, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. Except as expressly set forth in the Approving Opinion, we express no opinion regarding any tax consequences with respect to the Bonds. We have not been engaged, nor have we undertaken, to advise any party or to opine as to any matters not specifically covered herein, including, but not limited to, matters relating to compliance with any securities laws.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Bonds or the Indenture nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

This opinion letter may be relied upon only by you and may not be circulated, quoted from or relied upon by any other party without our prior written consent. This letter is being furnished to you solely for your benefit in connection with your purchase of the

Bonds and is not to be used, circulated, quoted or otherwise referred to for any other purpose without our prior written consent. No attorney-client relationship has existed or exists between our firm and you in connection with the issuance of the Bonds or by virtue of this letter. We note you were represented by separate counsel retained by you in connection with the transaction described in the Official Statement.

Our engagement with respect to the Bonds terminates as of the date hereof, and we have not undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed in the Official Statement. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not addressed other than you.

Respectfully submitted,

Refunding Revenue Bonds, Series 2020D

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 Bonds is estimated at 1.97%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the Bonds, including all fees and charges paid to third parties, is estimated at \$736,950.
- (c) Proceeds of the Bonds expected to be received by the District for the sale of the Bonds, less the finance charge described in (b) above and any capitalized interest or reserves paid from proceeds of the installment agreement (if any), plus funds on hand in the amount of \$2,799,800 is equal to \$147,712,850.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$174,754,179.

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.



Authorization to Issue Debt Securities

El Dorado Irrigation District
July 16, 2020

Previous Board Actions

- December 9, 2019 – Board adopted 2019-2020 Mid-Cycle Operating Budget and 2020-2024 Financial Plan
- May 26, 2020 – Board authorized issuance of not to exceed \$160,000,000 aggregate principal amount refunding revenue bonds



Summary of Issue – 2020D Refunding Revenue Bonds

- Interest rates continue to decrease creating the opportunity to allow more bonds to be refinanced



Staff Analysis – Series 2020D

■ Current considerations

- Prior issue authorized not to exceed \$160 million
- June 23, 2020 issued \$134.62 million
- Current market suggests the District could refinance an additional \$51.145 million
- Need Board authorization to exceed prior approved limit
- Authorization will give flexibility to refinance all or a portion of the outstanding 2014A, 2016C, 2016A and 2016B Bonds



Staff Analysis – 2020D Bonds

- Current market conditions indicate

Sources

- Par amount of bonds \$ 64.660*

Uses

- Refunding escrow \$ 64.284
- Cost of issuance .182
- Underwriter's discount .194
- \$ 64.660

*In millions

Issuance Process

- July 16, 2020 – Board asked to approve refundings
- July 21 and 22, 2020 – EID presents credit to Standard & Poor's and Moody's
- July 24, 2020 – Receive credit affirmation and assignment to 2020D bonds
- Week of July 27, 2020 – Expected pricing
- Week of August 3, 2020 – Expected closing

2020D Refunding Savings Analysis*

- Refunding the revenue bonds will generate ~\$3.6 million (Approx 7% of refunded amount) in NPV savings
- Produces an annual savings of approximately \$270,000

Date	Prior Debt Service	Refunding Debt Service	Cash Flow Savings	Present Value to 9/01/2020 @2.1163242%
12/31/2021	\$ 2,557,250	\$ 2,289,298	\$ 267,953	\$ 258,513
12/31/2022	2,557,250	2,288,728	268,523	253,649
12/31/2023	2,557,250	2,287,011	270,240	249,958
12/31/2024	2,557,250	2,288,807	268,444	243,038
12/31/2025	2,557,250	2,289,179	268,072	237,588
12/31/2026	2,557,250	2,287,993	269,258	233,638
12/31/2027	2,557,250	2,289,927	267,323	227,021
12/31/2028	2,557,250	2,290,013	267,237	222,147
12/31/2029	2,557,250	2,288,206	269,045	218,953
12/31/2030	2,557,250	2,289,747	267,503	213,047
12/31/2031	12,146,375	11,879,038	267,337	209,691
12/31/2032	12,727,125	12,458,559	268,566	207,594
12/31/2033	1,518,750	1,248,819	269,932	204,276
12/31/2034	1,518,750	1,252,632	266,118	197,105
12/31/2035	15,627,000	15,358,677	268,323	196,118
12/31/2036	16,302,625	16,032,763	269,862	194,728
	<u>\$ 85,413,125</u>	<u>\$ 81,119,392</u>	<u>\$ 4,293,733</u>	<u>\$ 3,567,063</u>

*As of July 10, 2020

District Resolution

- Authorizes additional refunding in an amount not to exceed \$185 million
- Approves the bond documents
- Authorizes General Manager to select bond insurer, if economical
- Authorizes General Manager to select bond insurer for reserve fund surety bond, if economical
- Appoints MUFG Union Bank, N.A. as trustee
- Authorizes execution and delivery of documents

Remaining Tasks

- Print preliminary official statement
- Meet with rating agencies
- Price Bonds and Certificates of Participation and sign Purchase Contract/Pre-Close
- Print official statement
- Close bonds and deliver funds



Board Options

- **Option 1:** Adopt a resolution authorizing the issuance of not to exceed \$185,000,000 aggregate principal amount refunding revenue bonds in one or more series and reapproving 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

