



City of San Juan Bautista

The “City of History”

www.san-juan-bautista.ca.us

**CITY COUNCIL
REGULAR MEETING
TUESDAY, AUGUST 19, 2025, 5:15 P.M.**

HYBRID MEETING
City Hall, Council Chambers
311 Second Street, San Juan Bautista, California

AGENDA

ZOOM WEBINAR PARTICIPATION

The meeting can also be accessed by the public in the following methods: Through Zoom (<https://zoom.us/join>) per the instruction stated below, and on Facebook.

Please note: If all Council Members are present in person, public participation by Zoom or viewing on Facebook is for convenience only, and is not required by law. If the Zoom or Facebook feed is lost for any reason the meeting may be paused while a fix is attempted but the meeting may continue at the discretion of the presiding officer.

JOIN ZOOM WEBINAR TO PARTICIPATE LIVE

<https://us02web.zoom.us/j/88373320235>

To participate telephonically:
call 1 (669) 900-6833
Webinar ID: 883 7332 0235

1. CALL TO ORDER

- A. Pledge of Allegiance
- B. Roll Call

2. CLOSED SESSION 5:15 P.M. – 6:00 P.M.

Receive public communication from the audience on Closed Session items. The City Council will recess to closed session pursuant to:

- a. **Conference with Legal Counsel—Existing Litigation – Orozco v. City of San Juan Bautista, et al.** (California Government Code section 54956.9(d)(1))
- b. **Conference with Legal Counsel—Anticipated Litigation** – Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9(e)(2): (Enforcement Action by State Water Resources Control Board and an additional matter with facts and circumstances that might result in litigation, which are not yet known to a potential plaintiff.)

3. PROCLAMATION

- A. Celebrating California's 175th Birthday, September 9, 2025 and naming California History Week, September 7-13, 2025
- B. National Senior Citizens Day, August 21, 2025.

4. PRESENTATION

- A. Central Coast Community Energy Annual Presentation (Cynthia Quiane)
- B. San Juan School Project Update (Barbara DillVarga, Superintendent)

5. PUBLIC COMMENT

Public comments generally are limited to three minutes per speaker on items that are not on the agenda and are under the City's subject matter jurisdiction. The Mayor may further limit the time for public comments depending on the agenda schedule.

CLOSE CITY COUNCIL MEETING /

OPEN SAN JUAN BAUTISTA FINANCE AUTHORITY MEETING

PUBLIC FINANCING AUTHORITY MEETING

AGENDA

1. ACTION ITEMS

- A. Consideration of Resolutions Authorizing the Execution and Delivery of the Series 2025A and Series 2025B Wastewater Revenue Bonds and Approval of Corresponding Financing Documents in Connection with the San Juan Bautista to Hollister Force Main Development Project**

Recommendation: Approve the Public Financing Authority **RESOLUTION** No. 2025-001, approving the form of the Financing Documents and authorizing the issuance and sale of the Bonds to USDA.

ADJOURN THE SAN JUAN BAUTISTA PUBLIC FINANCE AUTHORITY MEETING /

RECONVENE THE CITY COUNCIL MEETING

6. ACTION

A. **Consideration of Resolutions Authorizing the Execution and Delivery of the Series 2025A and Series 2025B Wastewater Revenue Bonds and Approval of Corresponding Financing Documents in Connection with The San Juan Bautista to Hollister Force Main Development Project**

Recommendation: Approve a **RESOLUTION** Approving the form of the Trust Agreements, Installment Sale Agreements, Assignment Agreements, Irrevocable Payment Instructions, and USDA Purchase Offer, (collectively, the “Financing Documents”), and authorizing execution and delivery of the Series 2025A and Series 2025B Wastewater Revenue Bonds (collectively, the “Bonds”); and Approve a **RESOLUTION** Approving and adopting the USDA RUS Bulletin 1780-27 Loan Resolutions, which are required by the United States Department of Agriculture ("USDA") in order to close on the Bonds..

B. **League of California Cities Voting Delegate**

Recommendation: Delegate a Voting Delegate and Alternate for the League of California Cities Annual Conference and Expo, October 8-10, 2025.

7. ADMINISTRATIVE REPORT

A. Treasurer’s Report and Monthly Financial Statements

8. CONSENT

All matters listed under the San Juan Bautista City Council Consent Agenda may be enacted by one motion unless a member of the City Council or the public requests discussion or a separate vote.

A. Approve the Affidavit of Posting Agenda

B. Waive Reading of Resolutions and Ordinances on the Agenda Beyond Title

C. Traffic Impact Mitigation Fee (TIMF) Nexus Study

Recommendation: Approve a **RESOLUTION** Authorizing the City Manager to enter into a Memorandum of Understanding between the Council of San Benito County of Governments; County of San Benito; City of Hollister, and the City of San Juan Bautista regarding the update to the Traffic Impact Mitigation Fee (TIMF) Nexus Study.

D. Personnel Policies

Recommendation: Approve a **RESOLUTION** Repealing and Replacing Resolution No. 2018-26 and Resolution No. 2021-66, Approving the City of San Juan Bautista Personnel Policies, and Repealing and Replacing the Provisions of any Resolution in Conflict.

E. Approve the Regular Meeting Minutes of May 20, 2025.

F. Approve the Special Meeting Minutes of June 4, 2025.

G. Approve the Special Meeting Minutes of June 9, 2025.

9. DISCUSSION

A. Discussion on Considering the Establishment of a Policy for City-Sponsored Events Conducted by or In Partnership with Nonprofit Organizations.

10. INFORMATIONAL ITEMS AND REPORTS

A. City Manager’s Report

- a. Public Safety Department Update
 - b. Fire Department Update
 - c. Sheriff Department Update
- B. Reports from City Council Representatives to Regional Organizations and Committees
- C. City Council and Staff Announcements
This is an opportunity for the Council and staff to share the community calendar and announce upcoming dates of interest to the public.

11. ADJOURNMENT

AGENDA MATERIAL / ADDENDUM

Any addendums will be posted not later than 72 hours before regular meetings or 24 hours of special meetings unless otherwise allowed under the Brown Act. City Council reports may be viewed at the City of San Juan Bautista City Hall at 311 Second Street San Juan Bautista and are posted on the City website www.san-juan-bautista.ca.us subject to Staff's ability to post the documents before the meeting, or City Clerk Elizabeth Soto at cityclerk@san-juan-bautista.ca.us or calling (831) 623-4661 during normal business hours.

In compliance with the Americans with Disabilities Act, and Govt. Code 54953(a), the city will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk, a minimum of 48 hours prior to the meeting at (831) 623-4661.

If you challenge any planning or land use decision made at this meeting in court, you may be limited to raising only those issues you or someone else raised at the public hearing held at this meeting, or in written correspondence delivered to the City Council at, or prior to, the public hearing. Please take notice that the time within which to seek judicial review of any final administrative determination reached at this meeting is governed by Section 1094.6 of the California Code of Civil Procedure.

A Closed Session may be called during this meeting pursuant to Government Code §54956.9 (d)(2) if a point has been reached where, in the opinion of the legislative body of the City on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the City.

PUBLIC COMMENT PROCEDURES

If you wish to make a public comment and are attending in person, please fill out a speaker card. If you are attending via Zoom, join the Zoom Webinar, and use the "Raise Hand" or if joining by telephone, press *9 on your telephone keypad icon.

SUBMISSION OF PUBLIC COMMENTS

Written comments may be submitted via mail to the City Clerk at City Hall (P.O. Box 1420, San Juan Bautista, CA 95045), or emailed to cityclerk@san-juan-bautista.ca.us no later than 3:00 p.m. on the Monday before the meeting. Written comments will be read into the record provided that the reading does not exceed three (3) minutes.

PUBLIC NOTIFICATION

This agenda was posted on Thursday, August 14, 2025 on the bulletin board at City Hall, 311 Second Street, the bulletin board at the City Library, 801 Second Street, the bulletin board at the entrance to the United States Post Office, 301 The Alameda, and the City's website. Meetings are streamed live at <https://www.facebook.com/cityofsanjuanbautista/>.

***San Juan Bautista
California***



***~ Celebrating California's 175th Birthday, September 9, 2025
and Naming September 7 – 13, 2025 as "California History Week ~***

WHEREAS, California received statehood on September 9th, 1850, becoming the 31st state admitted into the union, and this historic event deserves to be well celebrated as a state holiday; and

WHEREAS, the California State Legislature voted in August of 1999 to designate the week surrounding September 9th of each year as **California History Week** with special emphasis on September 9th – California Admission Day; and

WHEREAS, the Order of the Native Daughters of the Golden West established in 1886 is a fraternal and patriotic organization of diverse California-born leaders chartered in our mission to preserve California history and better the quality of life for all Californians; and

WHEREAS, the Order honors California by preserving the California Pioneers Roster, funding California Mission and historic monument restoration and lighthouse preservation, offering numerous scholarships and grants for Veterans services, children's needs, and college; and

WHEREAS, San Juan Bautista Parlor No. 179, chartered in 1910, operates in our Adobe home at 203 4th Street, San Juan Bautista and partners with organizations with similar missions to preserve and promote California history in these ways, and wishes to celebrate California Admission Day.

NOW, THEREFORE, I, Mayor Leslie Q. Jordan, on behalf of the San Juan Bautista City Council, do hereby designate September 7 – 13, 2025 as

"California History Week"

in the City of San Juan Bautista and encourage all community members to celebrate this momentous part of California history.

Dated this 19th day of August, 2025

Leslie Q. Jordan, Mayor

*San Juan Bautista
California*



~ National Senior Citizens Day, August 21, 2025 ~

***WHEREAS**, National Senior Citizens Day was established to recognize the wisdom, achievements, and invaluable contributions of older Americans to our communities, our economy, and our shared cultural heritage; and*

***WHEREAS**, approximately 78 million people age 65 and older will reside in America by 2035, which will surpass the United States population of people under 18 for the first time in the nation's history; and*

***WHEREAS**, the senior citizens of San Juan Bautista have played a vital role in building and shaping the City through their hard work, leadership, and dedication to family and community; and*

***WHEREAS**, our senior residents serve as living connections to our history and traditions, generously sharing their knowledge, skills, and life experiences with younger generations; and*

***WHEREAS**, the City of San Juan Bautista is committed to fostering respect, appreciation, and support for older adults, ensuring they have opportunities to live active, healthy, and fulfilling lives; and*

***WHEREAS**, National Senior Citizens Day provides an opportunity for all residents to celebrate our elders, express gratitude for their lasting impact, and reaffirm our dedication to promoting their dignity and well-being; and*

***NOW, THEREFORE**, I, Mayor Leslie Q. Jordan, on behalf of the San Juan Bautista City Council, do hereby recognize **August 21, 2025** as "**NATIONAL SENIOR CITIZENS DAY**" in the city, and encourage all residents to honor and celebrate our senior citizens through acts of kindness, appreciation, and community engagement.*

Dated this 19th day of August, 2025

Leslie Q. Jordan, Mayor



3CE Annual Update

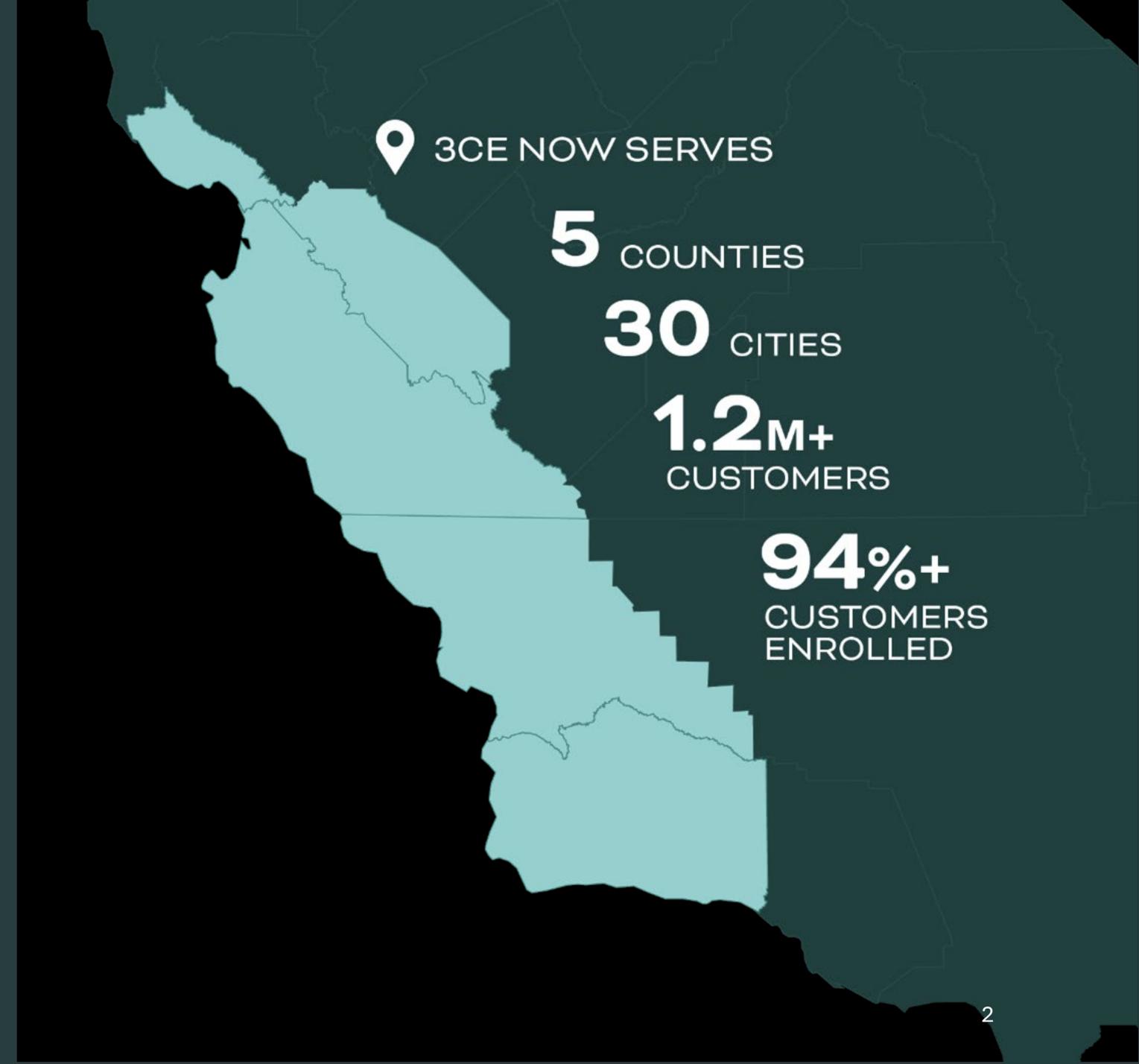
San Juan Bautista

August 19th, 2025



Central Coast
Community
Energy

Together, Power for Good



📍 3CE NOW SERVES

5 COUNTIES

30 CITIES

1.2M+
CUSTOMERS

94%+
CUSTOMERS
ENROLLED

2024 Energy Highlights



Sourced 409 Megawatts

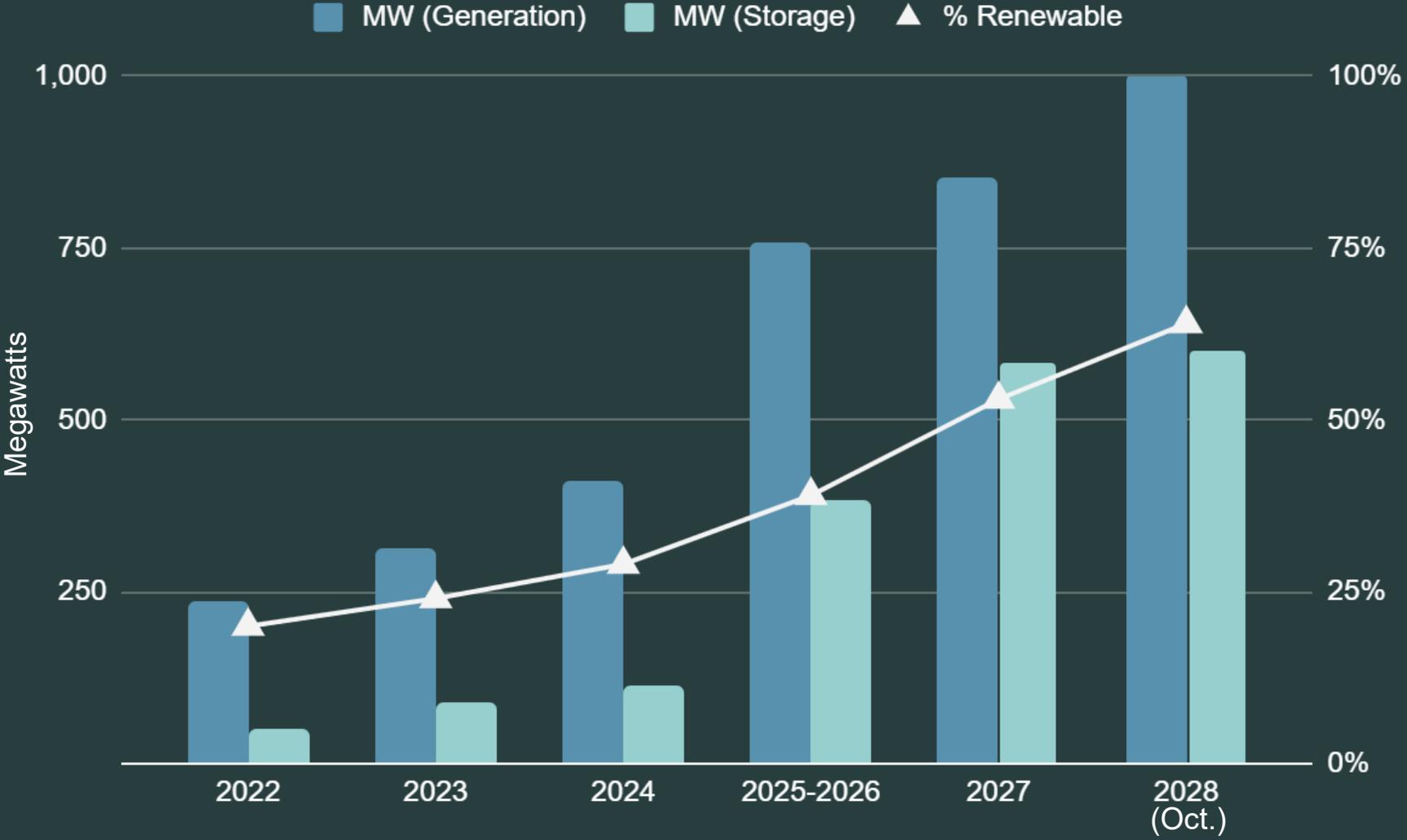
of clean & renewable energy in 2024, enough to power 350,850 households with renewable energy.

Sourcing Renewable Energy

avoided more than 445,000 metric tons of CO₂, the equivalent of taking 105,911 gasoline-powered passenger vehicles off the road for a year.



Renewable Energy Progress



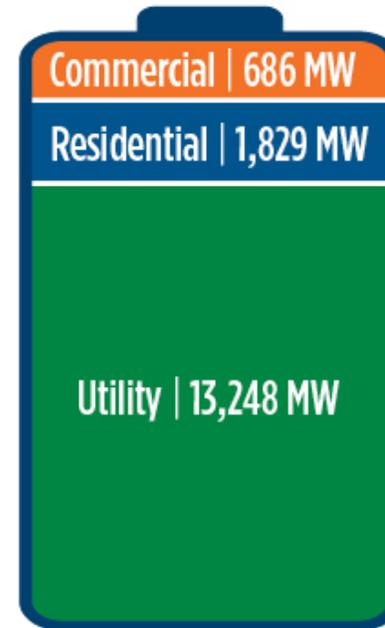
Battery Energy Storage Systems

Support the Renewable Transition

- Balances intermittent renewables
- Supports stability
- Reduces reliance on fossil fuels
- Drives affordability
- Empowers customers

Energy Storage in California by Type

** As of April 2025*



2025 | 15,763 MW

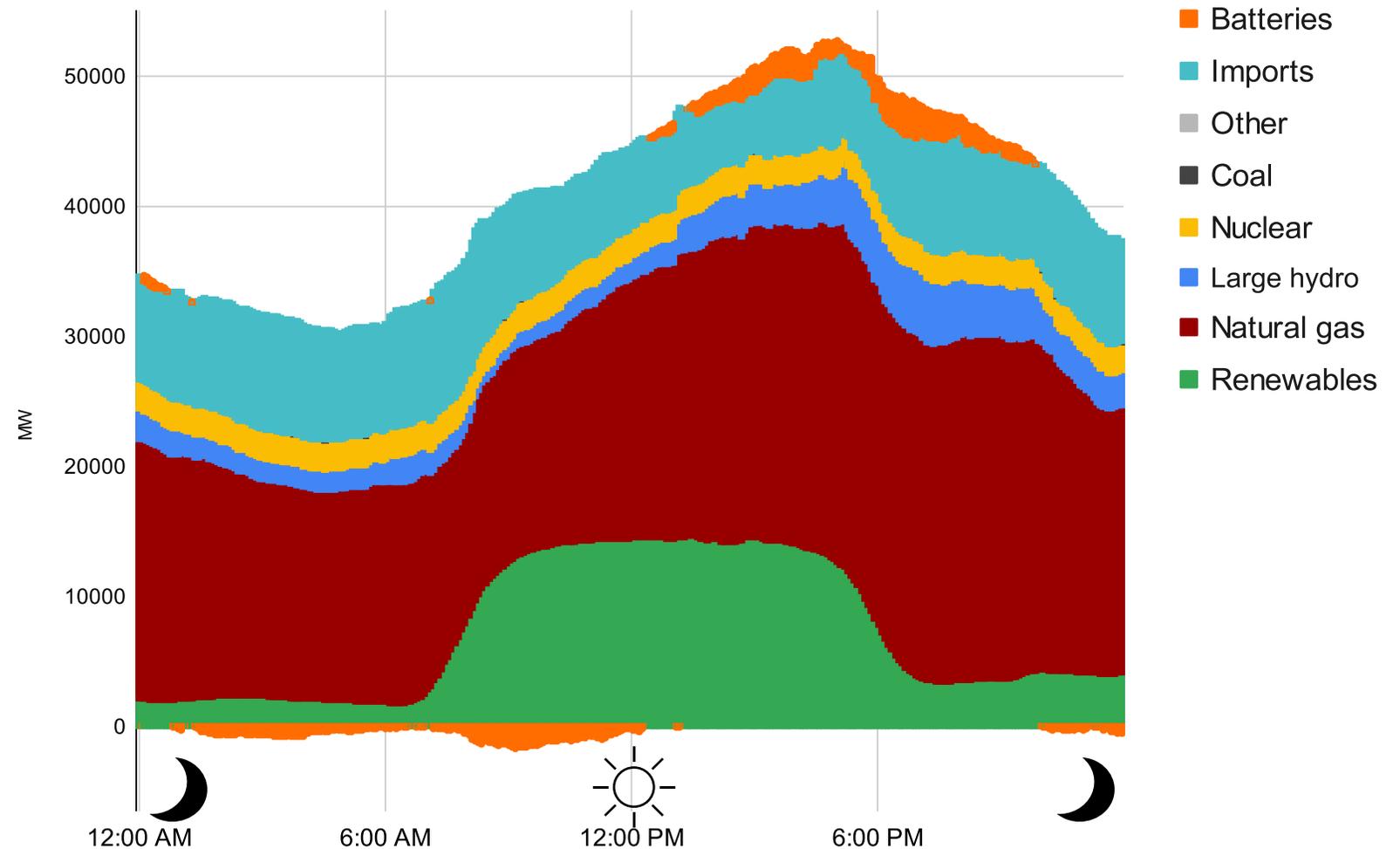


2045 | 52,000 Total MW

Supply Trend September 2022

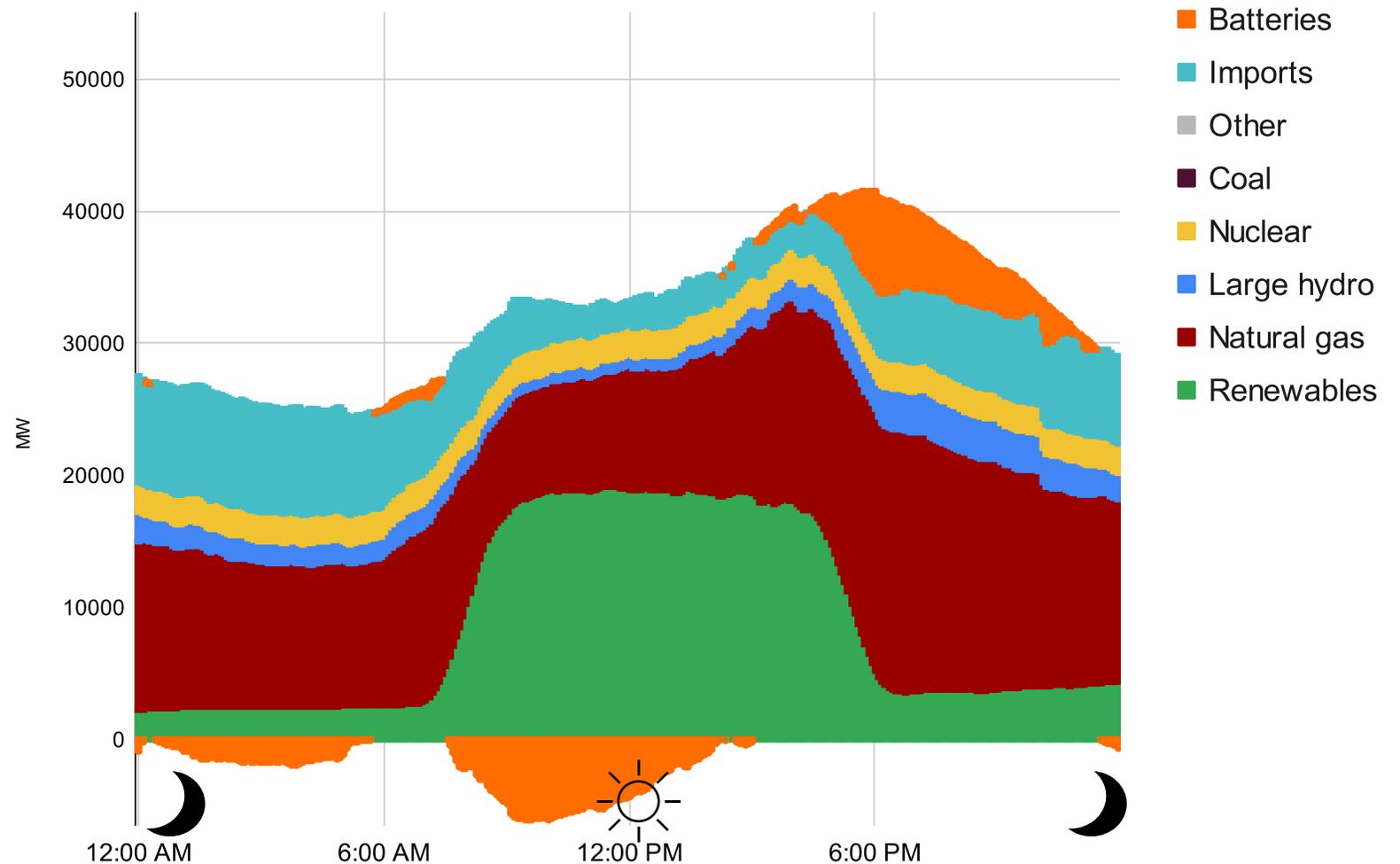


- **Labor Day Weekend 2022**
- **Flex Alert**
- **Text message from Governor's Office**

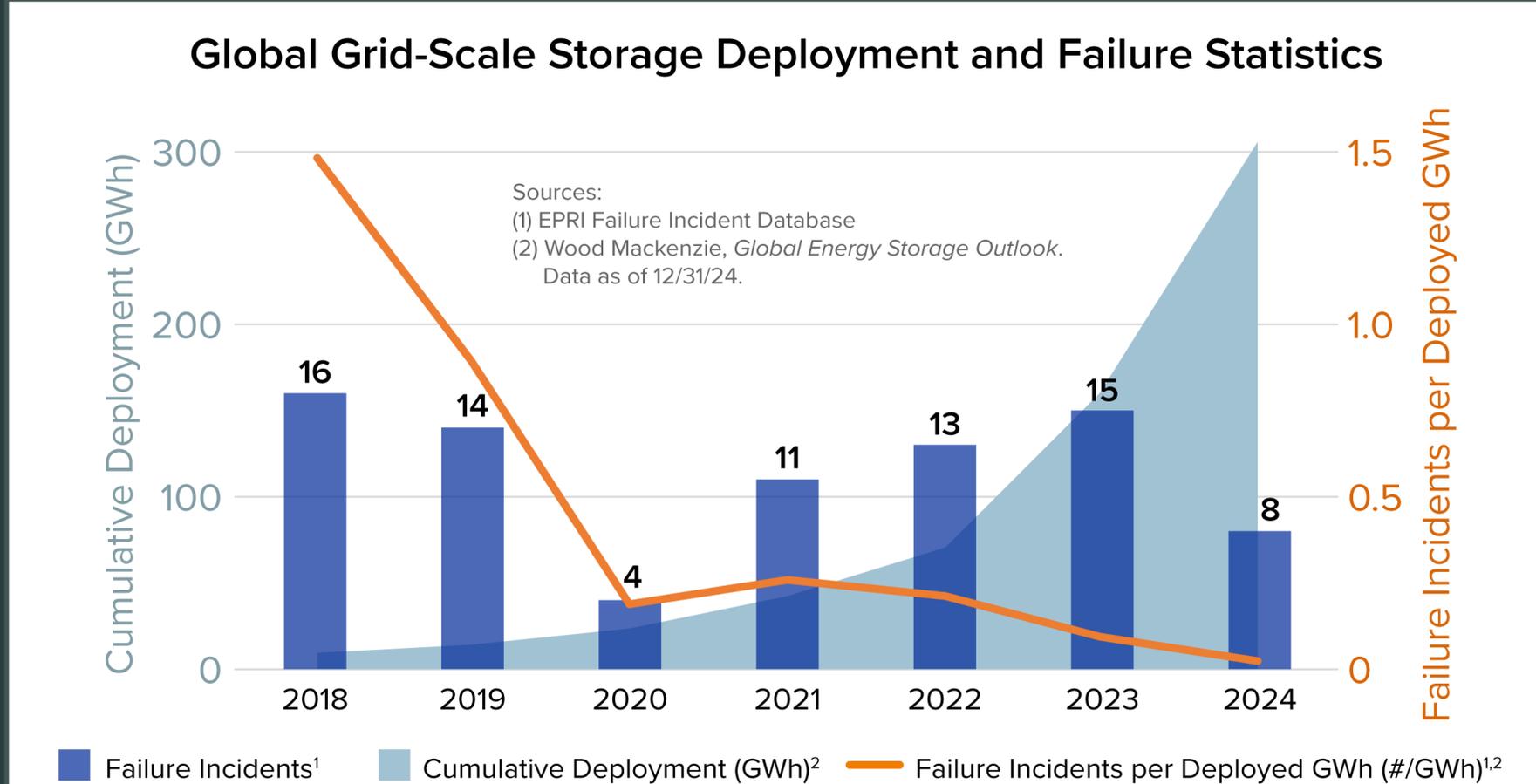


Supply Trend July 2024

- **Independence Day holiday weekend 2024**



Utility Scale Battery Safety



Energy Storage Innovation

Advanced Compressed Air Energy Storage (A-CAES)



Willow Rock Energy Storage Center

- Storage is essential for CA's transition to carbon-free energy
- Utilizes compressed air to generate power on demand
- Largest compressed air energy storage project in the world
- 200 megawatts for 3CE customers

Our Energy Future

New Renewable Energy Projects



Aratina Solar + Storage

- 120 MW to power 90,000 homes

Atlas Solar + Storage

- 150 MW to power 105,100 homes

Victory Pass Solar + Storage – **ONLINE**

- 100 MW to power 68,000 homes

Community Engagement



- Ongoing outreach through events, webinars, and workshops
- Added bilingual staff and expanded translated materials
- Adopted Underserved Communities Action Plan
- Increased access with interpreters and bilingual promotion

Community Programs



Electrify Your Ride

Up to
\$4,000 (EV)

Up to
\$100,000 (Charger)



Electrify Your Home*

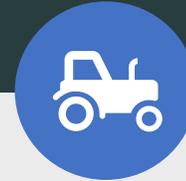
\$2,000-\$4,000
per unit

(+\$1,000)
Income-Qualified/Disaster
Rebuild



New Construction Electrification Program

\$5,000
per ADU
\$3,000
per Affordable Unit
\$2,000
per Market Rate Unit
\$15,000
per SFH Disaster Rebuild



Agricultural Electrification Program

50% up to \$10,000
Tier 1 Equipment
50% up to \$50,000
Tier 2 Equipment
(+\$5,000-\$25,000)
Income-Qualified Small
Businesses



Residential Battery Rebate Program

Up to
\$13,000
\$300 per kWh of Battery
Storage, up to 26 kWh

Member Agency Programs



Plan Your Fleet

No-Cost Technical Assistance Program



Electric Bus Program

50% up to \$200,000 per E Bus
+\$50,000 Per additional E Bus up to \$400,000



Charge Your Fleet

Up to \$150,000



Electrify Your Fleet

Up to \$150,000



Reach Codes Program

No-Cost Technical Assistance Program

Making a Difference

Community Investment



Snapshot of Rebates & Incentives:

- 2,843 electric vehicles
- 2,085 EV chargers
- 1,663 projects for EV readiness
- 38 electric buses
- 746 all-electric water heaters & HVAC systems
- 1,458 all-electric affordable housing units
- 93 all-electric agriculture equipment projects

Community Investment

Rebates & Incentives



San Juan Bautista 3CE Investment:

- \$9,819 - REACH
- \$10,000 – Ag Electrification
- \$75,168 – Electric Bus
- \$46,703 – Electrify Your Ride

Hollister 3CE Investment:

- *\$84,064 – Ag Electrification*
- *\$1,500 – Electrify Your Home*
- *\$297,673 – Electrify Your Ride*
- *\$60,000 – New Construction Electrification*

Legislative Update

- EV and Home Energy Tax Credits
- Federal Taxes and Tax Credits
- Resource Adequacy Slice of Day
- Pathways Initiative (SB 540)

Thank You!

Contact Us:

- **Northern Region:** Sophia Schwirzke (sschwirzke@3ce.org)
- **Southern Region:** Spencer Brandt (sbrandt@3ce.org)
- **Senior Advisor for Policy and Legislative Affairs:** Das Williams (dwilliams@3ce.org)

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CITY OF SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY STAFF REPORT

DATE: AUGUST 19, 2025

DEPARTMENT: CITY MANAGER

FROM: ASHLEY COLLICK, CITY MANAGER

BY: CAMERON WEIST, PRINCIPAL, WEIST LAW

TITLE: CONSIDERATION OF RESOLUTIONS AUTHORIZING THE EXECUTION AND DELIVERY OF THE SERIES 2025A AND SERIES 2025B WASTEWATER REVENUE BONDS AND APPROVAL OF CORRESPONDING FINANCING DOCUMENTS IN CONNECTION WITH THE SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT

RECOMMENDED MOTION:

Approve the Public Financing Authority Resolution No. 2025-001, approving the form of the Financing Documents and authorizing the issuance and sale of the Bonds to USDA

RECOMMENDATION:

Staff recommends that the Board of Directors of the San Juan Bautista Public Financing Authority (the “Authority”) adopt the following resolution:

1. Public Financing Authority Resolution No. 2025-001, approving the form of the Financing Documents and authorizing the issuance and sale of the Bonds to USDA.

BACKGROUND / DISCUSSION:

On January 31, 2023, City Council adopted Resolution No. 2023-10 authorizing the issuance of Series 2023 Wastewater Revenue Bond Anticipation Notes (the “BANs”) to finance the San Juan Bautista to Hollister Force Main Development Project (the “Project”). The BANs were issued on February 15, 2023 in a not-to-exceed principal amount of \$14,600,000 and sold to First Foundation Public Finance (the “Bank”).

Following a successful construction phase, the Project is now complete and eligible for permanent financing. Prior to issuance of the BANs, the City received a commitment from USDA to provide long-term take-out financing, subject to the terms and conditions outlined in USDA’s Letter of Conditions, dated November 30, 2022, as amended (the “LOC”).

To facilitate the USDA take-out financing (the “Financing”) and legally structure the repayment mechanism, the City and the Authority propose to issue two series of tax-exempt revenue bonds in the combined amount of \$10,268,000:

- Series 2025A Wastewater Revenue Bonds in the amount of \$7,000,000; and
- Series 2025B Wastewater Revenue Bonds in the amount of \$3,268,000.

The breakdown of the Financing into Series 2025A and Series 2025B is due to the maximum amount threshold requirements of USDA. The Bonds will be purchased directly by USDA and amortized over 40 years at a fixed interest rate of 2.750%. Annual debt service is estimated at approximately \$425,000, payable solely from Net Revenues of the City’s Wastewater Enterprise Fund.

FINANCING STRUCTURE

The Financing utilizes a standard California installment sale structure, acceptable to USDA and consistent with Government Code Sections 6500 et seq. and 54300 et seq., in which the Authority serves as issuer and seller of the Bonds.

Key steps in the structure include:

- The Authority issues the Bonds to USDA, receiving Bond proceeds at closing.
- The Authority and City enter into Installment Sale Agreements under which the City makes semi-annual payments (the “Installment Payments”) in amounts equal to the debt service on the Bonds.
- The Authority assigns its rights under the Installment Sale Agreements to the Trust Administrator, who is designated as the City Manager, pursuant to Trust Agreements.
- The Trust Administrator remits Installment Payments directly to USDA per the terms of the Trust Agreements and Assignment Agreements.
- Proceeds of the Bonds are wired to the Bank to fully retire the outstanding BANs, under Irrevocable Payment Instructions.
- USDA holds the Bonds to maturity, with no underwriting or prepayment penalty risk.
- This financing mechanism does not create a general obligation of the City. Only Net Revenues from the Wastewater Enterprise Fund are pledged toward repayment.

SUMMARY OF THE RESOLUTION AND FINANCING DOCUMENTS

The subject resolutions authorize and approve the form of all the foundational legal documents (the “Financing Documents”) necessary to provide for the successful issuance of the Bonds. The adoption of the Resolutions is a legal prerequisite to allow for the completion of the appropriate documentation necessary for

the USDA/Bondfinalization. The accompanying Financing Documents comprise a financing structure that is considered standard for California government agencies to legally incur debt secured by wastewater enterprise fund revenues, and is acceptable to USDA, as the purchaser of the Bonds.

In using this financing structure, an installment sale arrangement must be established with a third-party nonprofit entity experienced in tax-exempt debt transactions in California. The Authority is being utilized as such independent nonprofit entity for this financing transaction.

The Financing Documents are being presented to the Council as “form-only documents.” The subject resolutions authorize and direct authorized representatives of the City to finalize the Financing Documents as and when appropriate, and to do all things necessary to provide for the issuance of the Bonds, which is expected to occur sometime towards the middle of September.

A brief description of each of the Financing Documents is as follows:

Installment Sale Agreements (2025A and 2025B): These agreements provide for the sale of the Project to the Authority, and then back to the City in exchange for the City’s promise to make future semi-annual Installment Payments to the Authority, which semi-annual payments are commensurate with the debt service on the Bonds. This agreement also requires the City to maintain Net Revenues in excess of 120% total annual debt service on the Bonds and all parity debt. The Installment Sale Agreement also requires the City to maintain the Project in serviceable condition throughout the term of the Bonds, to pay taxes, if any, and to maintain various forms of insurance, among other things.

Trust Agreements (2025A and 2025B): These documents provides for execution and delivery of the Bonds to USDA in exchange for proceeds in the par amount thereof, and further establishes the covenants and specifics of the Bonds, including (i) the application of proceeds to pay for the reimbursement, acquisition and construction costs of the Project, (ii) the establishment of a debt service reserve funds, (iii) the establishment of a short-lived assets reserve funds, (iv) the Trust Administrator’s duties, (v) repayment mechanisms, (vi) default and remedies provisions, and (vii) the Bond Owners (i.e., USDA) rights and remedies.

Assignment Agreements (2025A and 2025B): This document provides the terms and conditions under which the Authority assigns the City’s Installment Payments to the Trust Administrator, for ultimate payment to USDA.

Purchase Offer: The City (through the Authority) will sell the Bonds to USDA pursuant to the terms of the Purchase Offer. The Purchase Offer states the conditions under which USDA will purchase the Bonds and requires the City to deliver all the duly authorized and executed documents and opinions at closing. The City also covenants that there is no material litigation against the City which would impair its ability to make Installment Payments or affect the Bonds. The sale is scheduled in accordance with the parameters described above.

Irrevocable Payment Instructions: These are irrevocable instructions pursuant to which the proceeds of the Bonds will be sent to First Foundation Public Finance and used exclusively for the purpose of prepaying and defeasing the BANs.

In addition to approving the form of the Financing Documents, the Resolutions also designate the Mayor, Mayor Pro Tem, City Manager, and City Clerk as “Authorized Representatives” of the City and Authority for the purposes of structuring and providing for the execution of the Financing Documents and the corresponding issuance and delivery of the Bonds, and pursuant to the Resolutions are each authorized, jointly and severally, for and in the name of and on behalf of the City and the Authority, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Council/Board has intended with the adoption of the subject Resolutions.

FISCAL IMPACT

The attached Resolutions establish the legal and financial framework for the issuance of the Bonds for purposes of paying off BANs and replacing with long-term, low-interest USDA debt. Pursuant to the Installment Sale Agreements, the City promises the owners of the Bonds (i.e., USDA) to annually budget and appropriate from the Wastewater Enterprise Fund sufficient funds to make all Installment Payments pursuant to the Installment Sale Agreements. The interest rate is set at 2.750%. Annual payments are expected to average approximately \$425,000 per year for 40 years.

ALTERNATIVES

1. Adopt the respective subject resolutions as presented, thereby authorizing and approving the issuance of the Bonds.
2. Do not approve but provide alternative direction to staff.

ATTACHMENTS

1. Resolution No. 2025-xx
2. Resolution No. 2025-xx
3. Resolution No. PFA 2025-001
4. Form of Series 2025A Installment Sale Agreement
5. Form of Series 2025B Installment Sale Agreement
6. Form of Series 2025A Trust Agreement
7. Form of Series 2025B Trust Agreement
8. Form of Series 2025A Assignment Agreement
9. Form of Series 2025B Assignment Agreement
10. USDA Purchase Offer
11. Form of Irrevocable Payment Instructions

NOTE: ALL DOCUMENTS REFERENCED ABOVE ARE ON FILE WITH THE CITY CLERK AND AUTHORITY SECRETARY.

PUBLIC FINANCING AUTHORITY RESOLUTION NO. 2025-001

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF TRUST AGREEMENTS, INSTALLMENT SALE AGREEMENTS, ASSIGNMENT AGREEMENTS AND CERTAIN OTHER DOCUMENTS IN CONNECTION WITH THE AUTHORIZATION, PREPARATION, SALE AND DELIVERY OF THE SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, SERIES 2025A AND SERIES 2025B WASTEWATER REVENUE BONDS, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

WHEREAS, the San Juan Bautista Public Financing Authority (the “Authority”), a joint exercise of powers authority organized and existing under the laws of the State of California, was formed pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of, among other things, making loans, buying securities, purchasing facilities, and providing for installment sale arrangements to assist the City of San Juan Bautista (the “City”) in furtherance of its public purposes; and

WHEREAS, on January 31, 2023, the City Council of the City (the “City Council”) adopted Resolution No. 2023-10, authorizing and directing the execution and delivery of Series 2023 Wastewater Revenue Bond Anticipation Notes (the “BANs”) to finance a portion of the costs associated with the acquisition and construction of the City’s San Juan Bautista to Hollister Force Main Development Project (the “Project”); and

WHEREAS, the BANs were issued on February 15, 2023, and sold to First Foundation Public Finance (the “Bank”) on a draw-down basis in an amount not to exceed \$14,600,000; and

WHEREAS, prior to issuing the BANS, the City received a commitment from the United States Department of Agriculture (“USDA”) to provide long-term take-out financing upon completion of the Project; and

WHEREAS, the Project has now been completed in accordance with the terms and conditions set forth in the “Letter of Conditions” issued by USDA on November 30, 2022, as amended (the “LOC”); and

WHEREAS, to facilitate the payoff of the BANs (the “Financing”), the City has requested the assistance of the Authority to cause the execution, issuance and delivery of Series 2025A Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project) in the principal amount of \$7,000,000 (the “Series 2025A Bonds”), and Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project) in the principal amount of \$3,268,000 (the “Series 2025B Bonds,” and together with the Series 2025A Bonds, the “Bonds”); and

WHEREAS, the Series 2025A Bonds are being issued pursuant to and secured by a Series 2025A Trust Agreement (the “Series 2025A Trust Agreement”), dated as of September 1, 2025, by and among the City, the Authority and the City Manager, as trust administrator (the “Trust Administrator”), a copy of which has been presented at this meeting and is on file with the Secretary of the Board (the “Secretary”); and

WHEREAS, the Series 2025B Bonds are being issued pursuant to and secured by a Series 2025B Trust Agreement (the “Series 2025B Trust Agreement,” and together with the Series 2025A Trust Agreement, the “Trust Agreements”), dated as of September 1, 2025, by and among the City, the Authority and the Trust Administrator, a copy of which has been presented at this meeting and is on file with the Secretary; and

WHEREAS, the Bonds will be sold to USDA pursuant to (i) a Resolution adopted by the City Council on August 19, 2025 (the “City Resolution”), and (ii) this Resolution (collectively, the “Resolutions”); and

WHEREAS, the City will purchase the Project from the Authority pursuant to a Series 2025A Installment Sale Agreement and a Series 2025B Installment Sale Agreement (together, the “Installment Sale Agreements”), each dated as of September 1, 2025, by and between the Authority and the City, under which the City will make installment payments (the “Installment Payments”) from the Net Revenues (as defined therein) of its wastewater enterprise; and

WHEREAS, in connection with the Financing, the Authority will assign to the Trust Administrator all of its rights under the respective Installment Sale Agreements pursuant to a Series 2025A Assignment Agreement and a Series 2025B Assignment Agreement (together, the “Assignment Agreements”), each dated as of September 1, 2025; and

WHEREAS, the Bonds will be sold to USDA pursuant to USDA’s Purchase Offer (the “Purchase Offer”) on the terms set forth therein and in the Trust Agreements and Installment Sale Agreements, provided that the interest rate does not exceed 2.750%; and

WHEREAS, the Authority, with the aid of its staff, has reviewed the Trust Agreements, Installment Sale Agreements, Assignment Agreements, and Purchase Offer (collectively, the “Legal Agreements”), the forms of which are on file with the Secretary, and the Board of Directors of the Authority (the “Board”) wishes at this time to approve the foregoing in the public interests of the Authority; and

WHEREAS, in compliance with Section 5852.1 of the California Government Code (the “Code”), the Board has received and disclosed good faith estimates related to the Financing as set forth in Sections 5 and 6 hereof; and

WHEREAS, all conditions precedent to the execution and delivery of the Bonds, as required by the Constitution and laws of the State of California, have been satisfied, and the Authority is duly authorized and empowered to consummate the transactions described herein; and

NOW, THEREFORE, IT IS HEREBY DETERMINED AND RESOLVED BY THE

BOARD OF DIRECTORS OF THE SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY AS FOLLOWS:

Section 1. Recitals and Findings. The Board hereby specifically finds and declares that each of the statements, findings and determinations of the Authority set forth in the recitals set forth above and in the preambles of the documents approved herein are true and correct.

Section 2. Authorized Representatives. The Chair, Vice Chair, Executive Director, Treasurer, Secretary, and any other person authorized by the Board to act on behalf of the Authority shall each be an “Authorized Representative” of the Authority for the purposes of structuring and providing for the issuance of the Bonds, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the Authority, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has approved in this Resolution.

Section 3. Authorization of Bonds. The Board hereby approves and authorizes the issuance of the Series 2025A Bonds in a principal amount of not to exceed \$7,000,000, as well as the Series 2025B Bonds in a principal amount of not to exceed \$3,268,000, all as set forth herein and in the Legal Agreements. The Board hereby finds and determines that the issuance and sale of the Bonds by the Authority to USDA will result in savings in effective interest rates, underwriting costs and issuance costs and thereby result in significant public benefits to the City.

Section 4. Approval of Legal Agreements. The form of the Installment Sale Agreements, the Trust Agreements, Purchase Offer and the Assignment Agreements presented at this meeting are approved. The Chair, Vice Chair, Executive Director, Treasurer or Secretary of the Authority, and any other person authorized by the Board to act on behalf of the Authority, is authorized and directed to execute, deliver or acknowledge said agreements. The Legal Agreements shall be executed or acknowledged, as the case may be, in substantially the forms hereby approved, with such changes, insertions and omissions as may be recommended by the City and/or Authority and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 5. Good Faith Estimates Regarding the Series 2025A Bonds. Set forth below are good faith estimates required under Section 5852.1 of the Code for the Series 2025A Bonds. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

(a) The true interest cost of the Series 2025A Bonds is estimated at 2.750%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the Series 2025A Bonds, including all fees and charges paid to third parties, is estimated at \$0.

(c) Proceeds of the Series 2025A Bonds received by the Authority of \$7,000,000

(estimated) less the finance charge set forth in (b) above, is equal to \$7,000,000.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at [\$11,535,682].

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

Section 6. Good Faith Estimates Regarding the Series 2025B Bonds. Set forth below are good faith estimates required under Section 5852.1 of the Code for the Series 2025B Bonds. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

(a) The true interest cost of the Series 2025B Bonds is estimated at 2.750%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the Series 2025B Bonds, including all fees and charges paid to third parties, is estimated at \$0.

(c) Proceeds of the Series 2025B Bonds received by the Authority of \$3,268,000 (estimated) less the finance charge set forth in (b) above, is equal to \$3,268,000.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at [\$5,385,933].

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

Section 7. Other Actions. The Chair, Vice Chair, Executive Director, Treasurer, Secretary or Deputy Secretary, and such other officers of the Authority are authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale and delivery of the Bonds, and the delivery of the Purchase Offer, Installment Sale Agreement, Trust Agreement and Assignment Agreement and otherwise effectuate the purposes of this Resolution.

Section 8. Effect. This Resolution shall take effect immediately from and after the date of its passage and adoption.

THE FOREGOING RESOLUTION WAS PASSED AND ADOPTED by the Board of Directors of the San Juan Bautista Public Financing Authority at its regular meeting held on August 19, 2025, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Leslie Q. Jordan, Agency Chair

ATTEST:

Elizabeht Soto, Agency Secretary

SERIES 2025A INSTALLMENT SALE AGREEMENT

Dated as of September 1, 2025

by and between the

**SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY,
as Seller**

and the

**CITY OF SAN JUAN BAUTISTA,
as Purchaser**

Relating to

**\$7,000,000
SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY
(CITY OF SAN JUAN BAUTISTA)
SERIES 2025A WASTEWATER REVENUE BONDS
(SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT)**

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SERIES 2025A INSTALLMENT SALE AGREEMENT

THIS SERIES 2025A INSTALLMENT SALE AGREEMENT, dated as of September 1, 2025, by and between the SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, a California public financing authority formed and existing under the joint powers authority laws of the State of California, as seller (the “Authority”), and the CITY OF SAN JUAN BAUTISTA, a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California, as purchaser (the “City”);

WITNESSETH:

WHEREAS, the City and the Authority have each adopted a resolution agreeing to enter into certain contractual relations with each other for the purpose, among other things, of undertaking the acquisition and financing or refinancing of certain capital improvements (as more particularly described in Exhibit A hereto, the “Series 2025A Project”) to the City’s wastewater system (the “Enterprise” or “Wastewater System”); and

WHEREAS, the Authority has been formed for the purpose, among others, of assisting municipalities such as the City in the financing of public capital improvements within or of benefit to the City; and

WHEREAS, on February 15, 2023 the City previously sold its \$14,600,000 (not to exceed) aggregate principal amount of Series 2023 Wastewater Revenue Bond Anticipation Notes (the “2023 Notes”) to First Foundation Public Finance, a Delaware statutory trust and wholly owned subsidiary of First Foundation Bank (the “Bank”), the proceeds of which were used to construct a portion of the City’s San Juan Bautista to Hollister Force Main Development Project (the “Series 2025A Project”); and

WHEREAS, to refinance the 2023 Notes, the Authority will cause the execution and delivery of Series 2025A Wastewater Revenue Bonds in the principal amount of \$7,000,000 (the “Series 2025A Bonds”); and

WHEREAS, the City has determined to purchase the Series 2025A Project from the Authority pursuant to this Series 2025A Installment Sale Agreement; and

WHEREAS, the City will make installment payments pursuant to this Series 2025A Installment Sale Agreement (the “Series 2025A Installment Payments”) from the Net Revenues (as defined herein) of the Wastewater System in order to purchase the Series 2025A Project from the Authority; and

WHEREAS, the Series 2025A Bonds will be issued pursuant to the terms and conditions of a Series 2025A Trust Agreement, dated as of September 1, 2025 (the “Series 2025A Trust Agreement”) by and among the Authority, the City and the City Manager of the City, as trust administrator (the “Trust Administrator”); and

WHEREAS, the Authority will assign its right to receive Series 2025A Installment Payments to the Trust Administrator, pursuant to a Series 2025A Assignment Agreement, dated as of September 1, 2025

(the “Series 2025A Assignment Agreement”) for the benefit of the Owners (as defined herein) of the Series 2025A Bonds; and

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

ARTICLE I

GENERAL

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in the Series 2025A Trust Agreement, shall, for all purposes of this Series 2025A Installment Sale Agreement, have the meanings specified therein.

Section 1.02. Covenants and Representations of the City. The City makes the following covenants and representations to the Authority as of the Closing Date:

(a) The City is a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State, and has full legal right, power and authority to enter into this Series 2025A Installment Sale Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action has duly authorized the execution and delivery of this Series 2025A Installment Sale Agreement .

(b) The representatives of the City executing this Series 2025A Installment Sale Agreement are fully authorized to execute the same.

(c) This Series 2025A Installment Sale Agreement has been duly authorized, executed and delivered by the City, and constitutes the legal, valid and binding agreement of the City, enforceable against the City in accordance with its terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

(d) The execution and delivery of this Series 2025A Installment Sale Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or the Series 2025A Project are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated by this Series 2025A Installment Sale Agreement,

or the financial condition, assets, properties, Series 2025A Project or operations of the Wastewater System, including but not limited to the performance of the City's obligations under this Series 2025A Installment Sale Agreement.

(e) No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Series 2025A Installment Sale Agreement or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or threatened against or affecting the City or the Wastewater System which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Series 2025A Installment Sale Agreement or upon the financial condition, assets, properties or operation of the City or Wastewater System, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Series 2025A Installment Sale Agreement, or the financial conditions, assets, properties or operations of the City or Wastewater System, including but not limited to the performance of the City's obligations under this Series 2025A Installment Sale Agreement.

(g) The City and the Series 2025A Project comply in all material respects with all applicable Environmental Regulations, including, without limitation, regulations governing air pollution, soil and water pollution, the use, generation, storage, treatment, removal, handling or disposal of hazardous substances, other materials or wastes, and the emission of electromagnetic or nuclear radiation.

(h) The City has heretofore established the Enterprise Fund into which the City deposits and will continue to deposit all Gross Revenues, and which the City will maintain throughout the Term of this Series 2025A Installment Sale Agreement.

(i) There are no outstanding bonds, notes, loans, leases, installment sale agreements or other obligations issued or incurred by the City which have any security interest in or claim upon the Net Revenues, which security interest or claim is superior to the Installment Payments. Except for the Series 2025B Bonds and the 2015 Installment Sale Agreement, each of which have a pledge of Net Revenues on a parity basis with the Series 2025A Installment Payments, the City has not issued or incurred any obligations payable on a parity with, or senior to, the pledge of the Net Revenues to the Series 2025A Installment Payments under this Series 2025A Installment Sale Agreement.

(j) No event has occurred and no condition exists which would constitute an Event of Default with respect to this Series 2025A Installment Sale Agreement or which, with the passing of time or with the giving of notice or both would become such an Event of Default.

(k) The Series 2025A Project has not been the subject of a previous conveyance by the City.

(l) The City has not issued or incurred any obligations which are currently outstanding having any priority in payment out of the Gross Revenues or the Net Revenues over the payment of the Series 2025A Installment Payments as provided herein.

Section 1.03. Written Certificates.

(a) **Contents.** Every Written Certificate provided for in this Series 2025A Installment Sale Agreement with respect to compliance with any provision hereof (other than Written Certificates delivered on the Closing Date) shall include (a) a statement that the person making or giving such Written Certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Written Certificate is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; (d) a statement of the assumptions upon which such Written Certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

(b) **Reliance.** Any such Written Certificate made or given by a City Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such City Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such Written Certificate may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City, as the case may be) upon a certificate or opinion of or representation by a City Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based is erroneous. The same City Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Series 2025A Installment Sale Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.04. Exhibits. The following Exhibits are attached to, and by this reference are incorporated herein to this Series 2025A Installment Sale Agreement:

Exhibit A: Series 2025A Project Description
Exhibit B: Series 2025A Installment Payments Schedule

ARTICLE II

DEPOSITS; PAYMENTS; PREPAYMENT OF 2023 NOTES; ENTERPRISE FUND

Section 2.01. Deposit of Moneys. The Authority shall cause to be deposited with the Trust Administrator the proceeds of the Series 2025A Bonds (to be an aggregate of \$7,000,000) in the funds as provided in the Series 2025A Trust Agreement.

Section 2.02. Prepayment of the 2023 Notes. Prepayment of 2023 Notes shall be made from the moneys deposited with the Trust Administrator in the Redemption Account, which moneys shall be disbursed for such purpose in accordance and upon compliance with Sections 3.02 and 3.03, respectively, of the Series 2025A Trust Agreement. The City hereby covenants to pay necessary Delivery Costs in excess of amounts available from Series 2025A Bond proceeds from any legally available source of funds.

Section 2.03. Management of the Series 2025A Project. The Authority hereby appoints the City as its agent to manage and maintain the Series 2025A Project.

Section 2.04. Establishment of Enterprise Fund. The City covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. All Gross Revenues received shall be deposited when and as received in trust in the Enterprise Fund.

Section 2.05. Application and Purpose of the Enterprise Fund. Subject to the provisions of any outstanding Parity Obligations, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Expenses, and thereafter, to pay all amounts due and payable with respect to the Series 2025A Bonds and Parity Obligations. So long as the Government is the Owner of the Series 2025A Bonds, revenue accumulated over and above that needed to pay Operation and Maintenance Expenses, Debt Service and reserves may only be retained or used to make prepayments on the Series 2025A Bonds and/or the Series 2025B Bonds.

ARTICLE III

SERIES 2025A PROJECT SALE AND TITLE; SERIES 2025A INSTALLMENT PAYMENTS; NET REVENUES

Section 3.01. Sale. The Authority hereby sells, bargains and conveys the Series 2025A Project to the City, and the City hereby purchases the Series 2025A Project from the Authority upon the terms and conditions set forth in this Series 2025A Installment Sale Agreement.

Section 3.02. Title. The City and the Authority agree that title to the Series 2025A Project, and each component thereof, shall be deemed conveyed to and vested in the City upon the completion of the acquisition, construction and installation thereof. The Authority and its officers shall take all actions necessary to vest in the City all of the Authority's rights in and title to the Series 2025A Project.

Section 3.03. Assignment by the Authority. The Authority's right, title and interest in this Series 2025A Installment Sale Agreement, including the right to receive and enforce payment of the Series 2025A Installment Payments to be made by the City under this Series 2025A Installment Sale Agreement, have

been assigned to the Trust Administrator, subject to certain exceptions, pursuant to the Series 2025A Assignment Agreement, to which assignment the City hereby consents. The City understands and agrees that the Authority has assigned its right, title and interest (but not its duties or obligations) in this Series 2025A Installment Sale Agreement to the Trust Administrator pursuant to the Series 2025A Assignment Agreement for the benefit of the Owners of the Series 2025A Bonds. The Authority hereby directs the City, and the City hereby agrees, to pay to the Trust Administrator at the Trust Administrator's Trust Office or at such other place as the Trust Administrator shall direct in writing, all payments payable by the City pursuant to this Series 2025A Installment Sale Agreement.

Section 3.04. Term of the Series 2025A Installment Sale Agreement. The Term of the Series 2025A Installment Sale Agreement shall be as provided in the Series 2025A Trust Agreement.

Section 3.05. Series 2025A Installment Payments.

(a) **Obligation to Pay.** The City agrees to pay to the Authority, its successors and assigns, as the purchase price of the Series 2025A Project, the Series 2025A Installment Payments, consisting of components of principal and interest, on the Series 2025A Installment Payment Dates and in the amounts specified in Exhibit B hereto, except such amounts shall be reduced by moneys on deposit in the Series 2025A Installment Payment Fund and credited to the payment of Series 2025A Installment Payments next due. The Series 2025A Installment Payments shall be payable solely from Net Revenues as hereinafter provided.

(b) **Reduction upon Partial Prepayment.** In the event the City prepays less than all of the remaining principal components of the Series 2025A Installment Payments pursuant to Sections 4.02 and 4.03 hereof, the amount of such prepayment shall be applied to reduce the principal component of the subsequent remaining Series 2025A Installment Payments in inverse order of maturity.

(c) **Rate on Overdue Payments.** In the event the City should fail to make any of the payments required in this Section 3.05 so that there are insufficient moneys on hand in the Series 2025A Installment Payment Fund to pay any Series 2025A Installment Payment in full on an Series 2025A Installment Payment Date, the Series 2025A Installment Payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable with respect to the Series 2025A Bonds.

Section 3.06. Special Obligation of the City.

(a) **Limitations.** The City's obligation to pay the Series 2025A Installment Payments shall be a special obligation limited solely to Net Revenues. Under no circumstances shall the City be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Series 2025A Installment Payments, nor shall any other funds or property of the City be liable for the payment of the Series 2025A Installment Payments.

(b) Obligations Unconditional. Subject to Section 3.06(a), the obligations of the City to make the Series 2025A Installment Payments from Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the City, the Authority or the Trust Administrator of any obligation to the City or otherwise with respect to the Series 2025A Project, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the Trust Administrator.

(c) Obligations Specified. Until such time as all the Series 2025A Installment Payments shall have been fully paid or prepaid, the City:

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

(ii) will perform and observe all other agreements contained in this Series 2025A Installment Sale Agreement; and

(iii) will not terminate the Term of this Series 2025A Installment Sale Agreement for any cause, including, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Series 2025A Project, the taking by eminent domain of title to or temporary use of any or all of the Series 2025A Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Authority or the Trust Administrator to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Series 2025A Trust Agreement, the Series 2025A Assignment Agreement or this Series 2025A Installment Sale Agreement.

(d) Authority Obligations. Nothing contained in this Section 3.06 shall be construed to release the Authority from the performance of any of the agreements on its part herein contained, and in the event the Authority shall fail to perform any such agreements on its part, the City may institute such action against the Authority as the City may deem necessary to compel performance so long as such action does not abrogate the obligations of the City contained in Section 3.06(b) above. The City may, however, at the City's own cost and expense and in the City's own name or in the name of the Authority prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect the City's right of possession, occupancy and use hereunder, and in such event the Authority hereby agrees to cooperate fully with the City and to take such action necessary to effect the substitution of the City for the Authority in such action or proceeding if the City shall so request.

Section 3.07. Pledge of Net Revenues; Transfer to Pay Series 2025A Installment Payments; Release from Lien.

(a) Pledge of Net Revenues. The City hereby agrees that the payment of the Series 2025A Installment Payments shall be secured by a first pledge, charge and lien upon Net Revenues which pledge, charge and lien are on parity with any Parity Obligations, and Net Revenues

sufficient to pay the Series 2025A Installment Payments as they become due and payable are hereby pledged, charged, assigned, transferred and set over by the City to the Authority and its assigns for the purpose of securing payment of the Series 2025A Installment Payments. The Net Revenues shall constitute a trust fund for the security and payment of the Series 2025A Installment Payments.

(b) Transfer to Pay Series 2025A Installment Payments. In order to provide for the payment of Series 2025A Installment Payments when due, the City shall, on or before each Series 2025A Installment Payment Date, transfer to the Trust Administrator for deposit into the Series 2025A Installment Payment Fund the amount indicated in Exhibit B attached hereto as required for the next occurring Series 2025A Installment Payment Date. Notwithstanding Exhibit B attached hereto, the City shall be obligated to make Series 2025A Installment Payments sufficient to pay all principal and interest due with respect to the Series 2025A Bonds.

Section 3.08. Rate Covenant. The City hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the Wastewater System which, after allowances for contingencies and error in the estimates, shall produce Gross Revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.20 times (i) the Series 2025A Installment Payments coming due and payable during such Fiscal Year, (ii) all payments required with respect to Parity Obligations, and (iii) amounts required to replenish the Series 2025A Reserve Fund, as required by Section 6.06 of the Series 2025A Trust Agreement.

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

(a) No Obligations Superior to Series 2025A Installment Payments. In order to protect further the availability of the Net Revenues and the security for the Series 2025A Installment Payments and any Parity Obligations, the City hereby agrees that the City shall not, so long as any Series 2025A Bonds are outstanding, issue or incur any obligations payable from Gross Revenues or Net Revenues superior to the Series 2025A Installment Payments or any Parity Obligations.

(b) Parity Obligations. The City further covenants that, except for obligations issued or incurred to prepay the Series 2025A Installment Payments in full pursuant to Section 4.02 hereof, the City shall not issue or incur any Parity Obligations unless:

(i) The City is not in default under the terms of this Series 2025A Installment Sale Agreement;

(ii) Net Revenues, calculated on sound accounting principles, either (i) as shown by the books of the City for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the City, or (ii) as shown by the books of the City for any more recent twelve (12) month period selected by the City, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the City, plus in either case (at the option of the City) the Additional Revenues, shall be at least equal to one hundred twenty percent (120%) of the amount of Maximum Annual Debt Service on all outstanding Parity Obligations and the Parity Obligations to be issued.

(iii) At the discretion of the City, a reserve fund may be funded for such proposed Parity Obligations which may be at least equal to the amount resulting from the application on the closing date of such Parity Obligations of the formula contained in the definition of “Series 2025A Reserve Requirement.”

(iv) So long as all of the Outstanding Series 2025A Bonds are held by the Original Purchaser, the prior written consent of such Original Purchaser shall have been obtained.

Section 3.10. Additional Payments. In addition to the Series 2025A Installment Payments, the City shall pay, from Net Revenues, when due all costs and expenses incurred by the Authority to comply with the provisions of the Series 2025A Trust Agreement and this Series 2025A Installment Sale Agreement, including, without limitation all Delivery Costs (to the extent not paid from amounts on deposit in the Redemption Account), compensation due to the Trust Administrator for its fees, costs and expenses incurred under the Series 2025A Trust Agreement and the Series 2025A Assignment Agreement and all costs and expenses of attorneys, auditors, engineers and accountants.

Section 3.11. Payments to Series 2025A Reserve Fund. In addition to the Series 2025A Installment Payments, the City shall make payments to the Series 2025A Reserve Fund of 10% of one annual Debt Service payment on the Series 2025A Bonds per year for ten years or until the balance is equal to one annual Debt Service payment on the Series 2025A Bonds (the “Series 2025A Reserve Requirement”). Prior written concurrence from the Government must be obtained before funds may be withdrawn from this account during the life of the Series 2025A Bonds. When funds are withdrawn during the life the Series 2025A Bonds, payments to the Series 2025A Reserve Fund will continue until the Series 2025A Reserve Requirement is reached.

Section 3.12. Payments to Short-Lived Assets Series 2025A Reserve Fund. In addition to the Series 2025A Installment Payments, the City shall deposit \$17,179.60 into the Short-Lived Assets Series 2025A Reserve Fund, and shall maintain for as long as any of the Series 2025A Bonds remain outstanding to pay for repairs and/or replacement of major Wastewater System assets in the order of priority set forth in Section 5.04 of the Series 2025A Trust Agreement.

The City may withdraw amounts on deposit in the Short-Lived Assets Series 2025A Reserve Fund from time to time to pay for timely replacement of “short-lived assets” of the Wastewater System, which for purposes of this Section shall mean any component or assets of the Wastewater System, including without limitation pumps, paint and small equipment, that will need to be repaired or replaced over a one to fifteen-year period, the cost of which is not included within the definition of Operation and Maintenance Costs.

Notwithstanding the foregoing, before each June 30 the City shall evaluate the status and condition of short-lived assets of the Wastewater System and, if such evaluation suggests that a lesser or greater deposit is required in order to provide for the timely replacement of any short-lived assets, the City may upon consultation by the City with the Government decrease the amount of the annual deposit into the Short-Lived Assets Series 2025A Reserve Fund if a lesser amount is indicated, but shall increase the amount of the annual deposit in to the Short-Lived Assets Series 2025A Reserve Fund if a greater amount is indicated.

ARTICLE IV

PREPAYMENT OF SERIES 2025A INSTALLMENT PAYMENTS

Section 4.01. Prepayment. The City shall have the right to prepay the Series 2025A Installment Payments, but only in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

Section 4.02. Optional Prepayment. Subject to the terms and conditions of this Section 4.02, the Authority hereby grants an option to City to prepay without penalty the Series 2025A Installment Payments in full, by paying the total unpaid principal component of the Series 2025A Installment Payments as set forth in Exhibit B or in part, but not in an amount of less than the Denomination Amount or any integral multiple thereof, at any one time. Said option may be exercised on any date following written notice by the City to the Authority and the Trust Administrator of the exercise of such option at least thirty (30) days prior to date designated for prepayment. Such option shall be exercised in the event of prepayment in full, by depositing with the Trust Administrator by the applicable prepayment date cash in an amount sufficient to pay the total unpaid principal component of the Series 2025A Installment Payments as set forth in Exhibit B, together with any Series 2025A Installment Payments then due but unpaid together with accrued interest to the prepayment date, or, in the event of prepayment in part, by depositing with the Trust Administrator by the applicable date of prepayment, an amount divisible by the Denomination Amount equal to the amount desired to be prepaid together with any Series 2025A Installment Payments then due but unpaid together with accrued interest on the amount to be prepaid to the prepayment date.

In the event of prepayment in part, prepayments will be applied in inverse order of maturity and the Authority or City shall revise the Exhibit B Schedule of Series 2025A Installment Payments, which schedule shall take into account such prepayment and shall be and become for all purposes thereafter the “Amended Exhibit B to this Series 2025A Installment Sale Agreement.”

Section 4.03. Mandatory Prepayment from Net Proceeds of Insurance or Condemnation. The City shall be obligated to prepay the Series 2025A Installment Payments in whole or in part on any Series 2025A Installment Payment Date from and to the extent of any Net Proceeds of any insurance or condemnation award theretofore deposited in the Series 2025A Installment Payment Fund for such purpose pursuant to Section 5.07 hereof or pursuant to Section 7.02 of the Series 2025A Trust Agreement. The City and the Authority hereby agree that such Net Proceeds shall be credited towards the City’s obligations under this Section 4.03. Except in the case of such prepayment of the Series 2025A Installment Payments in full, such payment shall be in addition to the Series 2025A Installment Payment required to be paid by the City on such date.

Section 4.04. Credit for Amounts on Deposit. In the event the City elects or is required to prepay the Series 2025A Installment Payments in full under this Article IV, such that the Series 2025A Trust Agreement shall be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Series 2025A Installment Payment Fund or the Series 2025A Reserve Fund shall be credited towards the amounts required to be so prepaid.

Section 4.05. Security Deposit. Notwithstanding any other provision of this Series 2025A Installment Sale Agreement, the City may, on any date, secure the payment of Series 2025A Installment

Payments by a deposit with the Trust Administrator, as escrow holder under an escrow deposit and trust agreement as referenced in Section 14.01(d) of the Trust Agreement, of:

(a) All Series 2025A Installment Payments. in the case of a security deposit relating to all Series 2025A Installment Payments, either (i) an amount which, together with amounts on deposit in the Series 2025A Installment Payment Fund and the Series 2025A Reserve Fund, is sufficient to pay all unpaid Series 2025A Installment Payments, including the principal and interest components thereof, in accordance with the Series 2025A Installment Payment schedule set forth in Exhibit B attached hereto, or (ii) Discharge Obligations, together with cash, if required, in such amount as will, in the opinion of nationally-recognized bond counsel and of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Discharge Obligations then on deposit in the Series 2025A Installment Payment Fund and the Series 2025A Reserve Fund, be fully sufficient to pay all unpaid Series 2025A Installment Payments on their Series 2025A Installment Payment Date; or

(b) Portion of Series 2025A Installment Payments. in the case of a security deposit relating to a portion of the Series 2025A Installment Payments both (i) a Written Certificate executed by a City Representative designating the portion of the Series 2025A Installment Payments to which the deposit pertains, and (ii) cash or Discharge Obligations, in such amount as will, together with interest to be received thereon, if any, and an allocable portion of amounts on deposit in the Series 2025A Installment Payment Fund and the Series 2025A Reserve Fund, be fully sufficient in the opinion of an independent certified public accountant, to pay the portion of the Series 2025A Installment Payments designated in the aforesaid City Representative's Written Certificate.

(c) Effect. In the event of a deposit pursuant to this Section 4.05, all obligations of the City under this Series 2025A Installment Sale Agreement pertaining to the portion of the Series 2025A Installment Payments for which the deposit has been made shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all Series 2025A Installment Payments, or the portion of Series 2025A Installment Payments to which the deposit pertains, from the deposit made by City pursuant to this Section 4.05. Such deposit shall be deemed to be and shall constitute a special fund for the payment of Series 2025A Installment Payments in accordance with the provisions of this Series 2025A Installment Sale Agreement; and further provided that any security deposit relating to the Series 2025A Project shall not affect the covenant of the City contained in Section 3.09 hereof in the event such security deposit is insufficient to pay or prepay all Series 2025A Installment Payments relating to the Series 2025A Project when and as the same become due and payable. Upon said deposit, the Authority will execute or cause to be executed any and all documents as may be necessary to release the security provided hereby to the extent of such deposit.

(d) Notwithstanding any contrary provision contained herein, so long as the Government is the Owner of the Series 2025A Bonds, the Series 2025A Bonds may not be defeased.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.01. Maintenance, Taxes and Assessments, Contests.

(a) **Operation.** The City covenants to operate the Wastewater System in an efficient and economical manner and operate, maintain and preserve the Wastewater System in good repair and working order in accordance with customary standards and practices applicable to similar facilities

(b) **Taxes and Assessments.** The City shall also pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or the City or levied, assessed or charged against the Wastewater System or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of this Series 2025A Installment Sale Agreement as and when the same become due.

(c) **Contest.** The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments and charges and, in the event of any such contest, may permit the taxes, assessments or charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items, the Series 2025A Project or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 5.02. Modification of Series 2025A Project. The City shall, at its own expense, have the right to remodel the Series 2025A Project or to make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Series 2025A Project and be subject to the provisions of this Series 2025A Installment Sale Agreement. Such additions, modifications and improvements shall not in any way damage the Series 2025A Project or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Series 2025A Project, upon completion of any additions, modifications and improvements made pursuant to this Section 5.02, shall be of a value which is not substantially less than the value of the Series 2025A Project immediately prior to the making of such additions, modifications and improvements.

Section 5.03. Installation of City's Equipment. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Series 2025A Project. All such items shall remain the sole property of the City, in which neither the Authority nor the Trust Administrator shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Series 2025A Project resulting from the installation, modification or removal of any such items. Nothing in this Series 2025A Installment Sale Agreement shall prevent the City from purchasing items to be installed pursuant to this Section 5.03 under a conditional sale or lease purchase contract, or

subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof.

Section 5.04. Public Liability and Property Damage Insurance.

(a) Insurance Policies. The City shall maintain or cause to be maintained, throughout the Term of this Series 2025A Installment Sale Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the City, its members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Wastewater System (but only if such insurance is available at reasonable cost on the open market from reputable insurance companies). Such policy or policies shall afford protection in such amounts, with such deductibles, as are usually covered in connection with operations similar to the Wastewater System. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, and may be maintained in the form of insurance maintained through a nonprofit public benefit Authority created for such purpose or in the form of self-insurance by the City.

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

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

Section 5.05. Fire and Extended Coverage Insurance.

(a) Insurance Policies. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Series 2025A Installment Sale Agreement, insurance against loss or damage to any above-ground structures, including City-owned equipment and machinery housed therein, constituting any part of the Wastewater System by fire and lightning, with extended coverage insurance but not including earthquake insurance. Such insurance need not include reservoirs, standpipes and elevated tanks. Such insurance shall be in an amount which is not less than 100% of the replacement cost of the Series 2025A Project. Such insurance may be subject to a deductible clause of not to exceed ten percent of said replacement cost for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the City, and may be maintained in the form of insurance maintained through a nonprofit public benefit Authority created for such purpose or in the form of self-insurance by the City.

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

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

Section 5.06. Insurance Net Proceeds; Form of Policies. The insurance required by Section 5.05 hereof shall provide that all applicable proceeds thereunder shall be payable to the Trust Administrator for the benefit of the Series 2025A Bond Owners. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Series 2025A Installment Sale Agreement. All such policies shall provide that the Authority and the Trust Administrator are named as additional insureds and that the Trust Administrator shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trust Administrator shall not be responsible for the sufficiency of any insurance herein required or for the obtaining of such insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City. The City shall cause to be delivered to the Trust Administrator annually, no later than the end of each Fiscal Year, a Written Series 2025A Bond signed by a City Representative stating that the City is in compliance with Sections 5.04 and 5.05 of this Agreement. The Trust Administrator may conclusively rely on such Written Series 2025A Bonds.

Section 5.07. Application of Net Proceeds.

(a) **From Insurance Award.** The Net Proceeds of any insurance award resulting from any damage to or destruction of the Series 2025A Project by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trust Administrator promptly upon receipt thereof and, if the City Representative notifies the Trust Administrator in writing of the City's determination that the replacement, repair, restoration, modification or improvement of the Series 2025A Project is not economically feasible or in the best interest of the City, then such Net Proceeds shall be promptly transferred by the Trust Administrator to the Series 2025A Installment Payment Fund to be applied as provided in Section 4.03 hereof. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Series 2025A Project by the City, upon receipt of a requisition, signed by the City Representative and, so long as all of the Outstanding Series 2025A Bonds are held by the Original Purchaser, the Owner of the Series 2025A Bonds stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or Authority to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Series 2025A Installment Payment Fund. The City covenants that it will commence such replacement, repair, restoration, modification or improvement or indicate that such replacement, repair, restoration, modification or improvement is not economically feasible within 180 days of receipt of such Net Proceeds.

(b) **From Eminent Domain Award.** The Net Proceeds of any eminent domain award shall be deposited in the Insurance and Condemnation Fund to be held and applied by the Trust Administrator pursuant to Section 7.02 of the Series 2025A Trust Agreement.

Section 5.08 Advances. If the City shall fail to perform any of its obligations under this Article V, the Authority may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as soon as possible, with interest at the rate of interest with respect to the Series 2025A Bonds from the date of the advance to the date of repayment.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS; INDEMNITY

Section 6.01. Disclaimer of Warranties. The Authority makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City for the Series 2025A Project, or any other representation or warranty with respect to the Series 2025A Project or any item thereof. In no event shall the Authority be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Series 2025A Installment Sale Agreement or the Series 2025A Trust Agreement for the existence, furnishing, functioning or City's use of the Series 2025A Project.

Section 6.02. Access to the Series 2025A Project and Records. To the extent permitted by law, the City agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have the right at all reasonable times to enter upon and to examine and inspect the Series 2025A Project. The City further agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have such rights of access to the Series 2025A Project as may be reasonably necessary to cause the proper maintenance of the Series 2025A Project in the event of failure by the City to perform its obligations hereunder. In addition, the City agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have the right at all reasonable times to inspect and examine all books, papers and records of the Authority and the City pertaining to the Series 2025A Project and the Series 2025A Bonds, to make copies thereof and to take non-privileged memoranda therefrom or with respect thereto as may be desired.

Section 6.03. Indemnity. The City shall and hereby agrees to indemnify and save the Authority and its successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of: (a) the use, maintenance, condition or management of, or from any work or thing done on the Series 2025A Project by the City; (b) any breach or default on the part of the City in the performance of any of its obligations under this Series 2025A Installment Sale Agreement; (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Series 2025A Project; (d) any act or negligence of any assignee or sublessee of the City with respect to the Series 2025A Project; or (e) the construction of the Series 2025A Project or the authorization of payment of the Delivery Costs by the City or the Authority. No indemnification is made under this Section 6.03, or elsewhere in this Series 2025A Installment Sale Agreement for willful misconduct, negligence, or breach of duty under this Series 2025A Installment Sale Agreement by the Authority, its officers, agents, employees, successors or assigns.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default Defined. The following shall be “events of default” under this Series 2025A Installment Sale Agreement and the terms “events of default” and “default” shall mean, whenever they are used in this Series 2025A Installment Sale Agreement, any one or more of the following events:

(a) Failure by the City to pay any Series 2025A Installment Payment by the Series 2025A Installment Payment Date or failure to make any other payment required to be paid hereunder at the time specified herein; or

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Series 2025A Installment Sale Agreement or the Series 2025A Trust Agreement, other than as referred to in clause (a) of this Section 7.01, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority, the Trust Administrator or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Series 2025A Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority, the Trust Administrator or such Owners, as applicable, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(c) The filing by the City of a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or the approval by a court of competent jurisdiction of a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property; or

(d) An event of default shall have occurred and be continuing with respect to any Parity Obligations.

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

(a) declare all principal components of the unpaid Series 2025A Installment Payments, together with accrued interest at the rate or rates specified in the respective Outstanding Series 2025A Bonds from the immediately preceding Series 2025A Installment Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall become due and payable; and

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Series 2025A Installment Payments then due or thereafter to become due during the Term of this Series 2025A Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Series 2025A Installment Sale Agreement.

Section 7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Series 2025A Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VII it shall not be necessary to give any notice, other than such notice as may be required in this Article VII or by law.

Section 7.04. Prosecution and Defense of Suits. The City shall promptly, upon request of the Authority or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Series 2025A Project whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify or cause to be indemnified the Authority and its assignee for all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

To the extent permitted by law, the City shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against the Authority or its assignee upon any claim arising out of the receipt, application or disbursement of any of the Net Revenues or involving the rights or duties of the Authority or its assignee under this Series 2025A Installment Sale Agreement or the Series 2025A Trust Agreement; provided, that the Authority and its assignee at their election may appear in and defend any such suit, action or proceeding. The City shall indemnify or cause to be indemnified the Authority and its assignee against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though all Series 2025A Installment Payments have been fully paid and satisfied, until a date which is three (3) years following the payment of the last of the Series 2025A Installment Payments.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Series 2025A Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. Application of the Proceeds. The Trust Administrator, as assignee of the Authority, shall apply all amounts received under this Article VII as set forth in Section 3.03 of the Series 2025A Trust Agreement.

Section 7.07. Liability Limited to Net Revenues. Notwithstanding any provision of this Series 2025A Installment Sale Agreement, the City's liability to pay the Series 2025A Installment Payments and

other amounts hereunder shall be limited solely to Net Revenues as provided in Sections 3.06 and 3.07 hereof. In the event that Net Revenues shall be insufficient at any time to pay an Series 2025A Installment Payment in full, the City shall not be liable to pay or prepay such Series 2025A Installment Payment other than from Net Revenues.

Section 7.08. Trust Administrator and Series 2025A Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VII have been assigned by the Authority to the Trust Administrator under the Series 2025A Assignment Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trust Administrator and the Owners of the Series 2025A Bonds as provided in the Series 2025A Trust Agreement.

Section 7.09. Pro Rata Application of Net Revenues. If, at any time, there is a deficiency in Net Revenues available to pay the Series 2025A Installment Payments, any amounts due with respect to Parity Obligations, amounts required to replenish the Series 2025A Reserve Fund or amounts required to replenish any reserve fund established for Parity Obligations, available Net Revenues shall be applied on a pro rata basis to the payment of such Series 2025A Installment Payments and to the payment of amounts due with respect to Parity Obligations, then to the replenishment of the Series 2025A Reserve Fund and to the replenishment of any reserve fund established for Parity Obligations.

ARTICLE VIII

MISCELLANEOUS

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

(a) **Assignment or Sale.** This Series 2025A Installment Sale Agreement may not be assigned by the City, and the Wastewater System may not be sold by the City during the Term of this Series 2025A Installment Sale Agreement.

(b) **Lease.** The City may lease the Series 2025A Project, or any portion thereof, with the consent of the Owner of the Series 2025A Bonds so long as all of the Outstanding Series 2025A Bonds are held by the Original Purchaser thereof, and subject to all of the following conditions:

(i) This Series 2025A Installment Sale Agreement and the obligation of the City to make Series 2025A Installment Payments hereunder shall remain obligations of the City;

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

(iii) No such lease by the City shall cause the Series 2025A Project to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State; and

(iv) No such lease shall cause the interest component of the Series 2025A Installment Payments to become subject to federal income taxes or State personal income taxes.

Section 8.02. Amendment of Series 2025A Installment Sale Agreement. The City will not alter, modify or cancel or agree or consent to alter, modify or cancel this Series 2025A Installment Sale Agreement, except as permitted by Article X of the Series 2025A Trust Agreement, without the written consent of the Trust Administrator and the Authority.

Section 8.03. Binding Effect. This Series 2025A Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 8.04. Applicable Law. This Series 2025A Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.05. Severability. In the event any provision of this Series 2025A Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.06. Captions. The captions or headings in this Series 2025A Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article or Section of this Series 2025A Installment Sale Agreement.

Section 8.07. Net Contract. This Series 2025A Installment Sale Agreement shall be deemed and construed to be a “net contract” and the City hereby agrees that the Series 2025A Installment Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 8.08. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Series 2025A Project hereby sold or intended so to be or for carrying out the expressed intention of this Series 2025A Installment Sale Agreement.

Section 8.09. Authority and City Representatives. Whenever under the provisions of this Series 2025A Installment Sale Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authority Representative and for the City by a City Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 8.10. Notices. All notices, Written Certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail with postage fully prepaid:

If to the City:

City of San Juan Bautista
311 Second Street

San Juan Bautista, CA 95045
Attention: City Manager

If to the Authority: San Juan Bautista Public Financing Authority
311 Second Street
San Juan Bautista, CA 95045
Attention: Executive Director

If to the Trust Administrator: City Manager
City of San Juan Bautista
311 Second Street
San Juan Bautista, CA 95045
Attention: City Manager

If to the Government: Rural Development, United States
Department of Agriculture
777 Sonoma Ave, 'E' Street Annex
Santa Rosa, CA 95404
Attention: Area Specialist

And

Rural Development, United States
Department of Agriculture
430 G Street, Suite 4169
Davis, CA 95616
Attention: Community Programs Specialist

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

Section 8.11. Execution in Counterparts. This Series 2025A Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature Page to Follow on Next Page]

IN WITNESS, the Authority has caused this Series 2025A Installment Sale Agreement to be executed in its corporate name by its duly authorized officer, and the City has caused this Series 2025A Installment Sale Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

SAN JUAN BAUTISTA PUBLIC FINANCING
AUTHORITY, *as Seller*

By _____
Authorized Signatory

CITY OF SAN JUAN BAUTISTA, *as Purchaser*

By _____
Authorized Signatory

EXHIBIT A

DESCRIPTION OF THE SERIES 2025A PROJECT

The 2025A Project generally consists of part or all of (i) the decommissioning of the existing Sequencing Batch Reactor pond plan and converting it into an emergency storage basin, (ii) the construction of a new pump station to deliver equalized and screened raw sewage to the City of Hollister Wastewater Treatment Plant, (iii) the construction of a new 10-inch diameter high-density polyethylene pipe for treatment disposal at the City of Hollister Wastewater Treatment Plant, and (iv) all other work contemplated by the USDA Letter of Conditions (the “LOC”) dated November 28, 2022, as well as the corresponding Preliminary Engineering Report referenced therein. The scope of work also includes site piping and grading, demolition, construction, instrumentation, and all necessary appurtenances, permits, rights-of-way, and other real or personal property useful in connection with the 2025A Project, along with all additions, extensions, expansions, improvements, and equipment upgrades.

The 2025A Project may include any other capital additions or replacements within the Wastewater System, provided such work is approved by both USDA and the City, and the use of Series 2025A Bond proceeds for such improvements does not, in and of itself, adversely affect the tax-exempt status of Series 2025A Bonds.

EXHIBIT B

SCHEDULE OF SERIES 2025A INSTALLMENT PAYMENTS*

*The following schedule is subject to modification by the actual advances made by the Original Purchaser, as evidenced in the form of single Series 2025A Bond. Such evidence of advances shall, in all cases, be controlling.

Series 2025A Installment Payment Date	Principal Component	Interest Component	Total Series 2025A Installment Payment
04/1/2026	\$150,000	\$135,819	\$285,819
10/1/2026	-	94,188	94,188
04/1/2027	100,000	94,188	194,188
10/1/2027	-	92,813	92,813
04/1/2028	105,000	92,813	197,813
10/1/2028	-	91,369	91,369
04/1/2029	105,000	91,369	196,369
10/1/2029	-	89,925	89,925
04/1/2030	110,000	89,925	199,925
10/1/2030	-	88,413	88,413
04/1/2031	110,000	88,413	198,413
10/1/2031	-	86,900	86,900
04/1/2032	115,000	86,900	201,900
10/1/2032	-	85,319	85,319
04/1/2033	120,000	85,319	205,319
10/1/2033	-	83,669	83,669
04/1/2034	120,000	83,669	203,669
10/1/2034	-	82,019	82,019
04/1/2035	125,000	82,019	207,019
10/1/2035	-	80,300	80,300
04/1/2036	130,000	80,300	210,300
10/1/2036	-	78,513	78,513
04/1/2037	130,000	78,513	208,513
10/1/2037	-	76,725	76,725
04/1/2038	135,000	76,725	211,725
10/1/2038	-	74,869	74,869
04/1/2039	140,000	74,869	214,869
10/1/2039	-	72,944	72,944
04/1/2040	145,000	72,944	217,944
10/1/2040	-	70,950	70,950
04/1/2041	145,000	70,950	215,950
10/1/2041	-	68,956	68,956
04/1/2042	150,000	68,956	218,956
10/1/2042	-	66,894	66,894
04/1/2043	155,000	66,894	221,894
10/1/2043	-	64,763	64,763

4/1/2044	160,000	64,763	224,763
10/1/2044	-	62,563	62,563
4/1/2045	165,000	62,563	227,563
10/1/2045	-	60,294	60,294
4/1/2046	170,000	60,294	230,294
10/1/2046	-	57,956	57,956
4/1/2047	170,000	57,956	227,956
10/1/2047	-	55,619	55,619
4/1/2048	175,000	55,619	230,619
10/1/2048	-	53,213	53,213
4/1/2049	180,000	53,213	233,213
10/1/2049	-	50,738	50,738
4/1/2050	185,000	50,738	235,738
10/1/2050	-	48,194	48,194
4/1/2051	190,000	48,194	238,194
10/1/2051	-	45,581	45,581
4/1/2052	195,000	45,581	240,581
10/1/2052	-	42,900	42,900
4/1/2053	205,000	42,900	247,900
10/1/2053	-	40,081	40,081
4/1/2054	210,000	40,081	250,081
10/1/2054	-	37,194	37,194
4/1/2055	215,000	37,194	252,194
10/1/2055	-	34,238	34,238
4/1/2056	220,000	34,238	254,238
10/1/2056	-	31,213	31,213
4/1/2057	225,000	31,213	256,213
10/1/2057	-	28,119	28,119
4/1/2058	230,000	28,119	258,119
10/1/2058	-	24,956	24,956
4/1/2059	240,000	24,956	264,956
10/1/2059	-	21,656	21,656
4/1/2060	245,000	21,656	266,656
10/1/2060	-	18,288	18,288
4/1/2061	250,000	18,288	268,288
10/1/2061	-	14,850	14,850
4/1/2062	260,000	14,850	274,850
10/1/2062	-	11,275	11,275
4/1/2063	265,000	11,275	276,275
10/1/2063	-	7,631	7,631
4/1/2064	275,000	7,631	282,631
10/1/2064	-	3,850	3,850
4/1/2065	280,000	3,850	283,850
Totals	\$7,000,000	\$4,535,682	\$11,535,682

SERIES 2025B INSTALLMENT SALE AGREEMENT

Dated as of September 1, 2025

by and between the

**SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY,
as Seller**

and the

**CITY OF SAN JUAN BAUTISTA,
as Purchaser**

Relating to

**\$3,268,000
SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY
(CITY OF SAN JUAN BAUTISTA)
SERIES 2025B WASTEWATER REVENUE BONDS
(SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT)**

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SERIES 2025B INSTALLMENT SALE AGREEMENT

THIS SERIES 2025B INSTALLMENT SALE AGREEMENT, dated as of September 1, 2025, by and between the SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, a California public financing authority formed and existing under the joint powers authority laws of the State of California, as seller (the “Authority”), and the CITY OF SAN JUAN BAUTISTA, a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California, as purchaser (the “City”);

WITNESSETH:

WHEREAS, the City and the Authority have each adopted a resolution agreeing to enter into certain contractual relations with each other for the purpose, among other things, of undertaking the acquisition and financing or refinancing of certain capital improvements (as more particularly described in Exhibit A hereto, the “Series 2025B Project”) to the City’s wastewater system (the “Enterprise” or “Wastewater System”); and

WHEREAS, the Authority has been formed for the purpose, among others, of assisting municipalities such as the City in the financing of public capital improvements within or of benefit to the City; and

WHEREAS, on February 15, 2023 the City previously sold its \$14,600,000 (not to exceed) aggregate principal amount of Series 2023 Wastewater Revenue Bond Anticipation Notes (the “2023 Notes”) to First Foundation Public Finance, a Delaware statutory trust and wholly owned subsidiary of First Foundation Bank (the “Bank”), the proceeds of which were used to construct a portion of the City’s San Juan Bautista to Hollister Force Main Development Project (the “Series 2025B Project”); and

WHEREAS, to refinance the 2023 Notes, the Authority will cause the execution and delivery of Series 2025B Wastewater Revenue Bonds in the principal amount of \$3,268,000 (the “Series 2025B Bonds”); and

WHEREAS, the City has determined to purchase the Series 2025B Project from the Authority pursuant to this Series 2025B Installment Sale Agreement; and

WHEREAS, the City will make installment payments pursuant to this Series 2025B Installment Sale Agreement (the “Series 2025B Installment Payments”) from the Net Revenues (as defined herein) of the Wastewater System in order to purchase the Series 2025B Project from the Authority; and

WHEREAS, the Series 2025B Bonds will be issued pursuant to the terms and conditions of a Series 2025B Trust Agreement, dated as of September 1, 2025 (the “Series 2025B Trust Agreement”) by and among the Authority, the City and the City Manager of the City, as trust administrator (the “Trust Administrator”); and

WHEREAS, the Authority will assign its right to receive Series 2025B Installment Payments to the Trust Administrator, pursuant to a Series 2025B Assignment Agreement, dated as of September 1, 2025 (the

“Series 2025B Assignment Agreement”) for the benefit of the Owners (as defined herein) of the Series 2025B Bonds; and

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

ARTICLE I

GENERAL

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in the Series 2025B Trust Agreement, shall, for all purposes of this Series 2025B Installment Sale Agreement, have the meanings specified therein.

Section 1.02. Covenants and Representations of the City. The City makes the following covenants and representations to the Authority as of the Closing Date:

(a) The City is a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State, and has full legal right, power and authority to enter into this Series 2025B Installment Sale Agreement and to carry out and consummate all transactions contemplated hereby, and by proper action has duly authorized the execution and delivery of this Series 2025B Installment Sale Agreement .

(b) The representatives of the City executing this Series 2025B Installment Sale Agreement are fully authorized to execute the same.

(c) This Series 2025B Installment Sale Agreement has been duly authorized, executed and delivered by the City, and constitutes the legal, valid and binding agreement of the City, enforceable against the City in accordance with its terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

(d) The execution and delivery of this Series 2025B Installment Sale Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or the Series 2025B Project are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated by this Series 2025B Installment Sale Agreement,

or the financial condition, assets, properties, Series 2025B Project or operations of the Wastewater System, including but not limited to the performance of the City's obligations under this Series 2025B Installment Sale Agreement.

(e) No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Series 2025B Installment Sale Agreement or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or threatened against or affecting the City or the Wastewater System which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Series 2025B Installment Sale Agreement or upon the financial condition, assets, properties or operation of the City or Wastewater System, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Series 2025B Installment Sale Agreement, or the financial conditions, assets, properties or operations of the City or Wastewater System, including but not limited to the performance of the City's obligations under this Series 2025B Installment Sale Agreement.

(g) The City and the Series 2025B Project comply in all material respects with all applicable Environmental Regulations, including, without limitation, regulations governing air pollution, soil and water pollution, the use, generation, storage, treatment, removal, handling or disposal of hazardous substances, other materials or wastes, and the emission of electromagnetic or nuclear radiation.

(h) The City has heretofore established the Enterprise Fund into which the City deposits and will continue to deposit all Gross Revenues, and which the City will maintain throughout the Term of this Series 2025B Installment Sale Agreement.

(i) There are no outstanding bonds, notes, loans, leases, installment sale agreements or other obligations issued or incurred by the City which have any security interest in or claim upon the Net Revenues, which security interest or claim is superior to the Installment Payments. Except for the Series 2025A Bonds and the 2015 Installment Sale Agreement, each of which have a pledge of Net Revenues on a parity basis with the Series 2025B Installment Payments, the City has not issued or incurred any obligations payable on a parity with, or senior to, the pledge of the Net Revenues to the Series 2025B Installment Payments under this Series 2025B Installment Sale Agreement.

(j) No event has occurred and no condition exists which would constitute an Event of Default with respect to this Series 2025B Installment Sale Agreement or which, with the passing of time or with the giving of notice or both would become such an Event of Default.

(k) The Series 2025B Project has not been the subject of a previous conveyance by the City.

(l) The City has not issued or incurred any obligations which are currently outstanding having any priority in payment out of the Gross Revenues or the Net Revenues over the payment of the Series 2025B Installment Payments as provided herein.

Section 1.03. Written Certificates.

(a) **Contents.** Every Written Certificate provided for in this Series 2025B Installment Sale Agreement with respect to compliance with any provision hereof (other than Written Certificates delivered on the Closing Date) shall include (a) a statement that the person making or giving such Written Certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Written Certificate is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; (d) a statement of the assumptions upon which such Written Certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

(b) **Reliance.** Any such Written Certificate made or given by a City Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such City Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such Written Certificate may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City, as the case may be) upon a certificate or opinion of or representation by a City Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based is erroneous. The same City Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Series 2025B Installment Sale Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.04. Exhibits. The following Exhibits are attached to, and by this reference are incorporated herein to this Series 2025B Installment Sale Agreement:

Exhibit A: Series 2025B Project Description
Exhibit B: Series 2025B Installment Payments Schedule

ARTICLE II

DEPOSITS; PAYMENTS; PREPAYMENT OF 2023 NOTES; ENTERPRISE FUND

Section 2.01. Deposit of Moneys. The Authority shall cause to be deposited with the Trust Administrator the proceeds of the Series 2025B Bonds (to be an aggregate of \$3,268,000) in the funds as provided in the Series 2025B Trust Agreement.

Section 2.02. Prepayment of the 2023 Notes. Prepayment of 2023 Notes shall be made from the moneys deposited with the Trust Administrator in the Redemption Account, which moneys shall be disbursed for such purpose in accordance and upon compliance with Sections 3.02 and 3.03, respectively, of the Series 2025B Trust Agreement. The City hereby covenants to pay necessary Delivery Costs in excess of amounts available from Series 2025B Bond proceeds from any legally available source of funds.

Section 2.03. Management of the Series 2025B Project. The Authority hereby appoints the City as its agent to manage and maintain the Series 2025B Project.

Section 2.04. Establishment of Enterprise Fund. The City covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. All Gross Revenues received shall be deposited when and as received in trust in the Enterprise Fund.

Section 2.05. Application and Purpose of the Enterprise Fund. Subject to the provisions of any outstanding Parity Obligations, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Expenses, and thereafter, to pay all amounts due and payable with respect to the Series 2025B Bonds and Parity Obligations. So long as the Government is the Owner of the Series 2025B Bonds, revenue accumulated over and above that needed to pay Operation and Maintenance Expenses, Debt Service and reserves may only be retained or used to make prepayments on the Series 2025B Bonds and/or the Series 2025A Bonds.

ARTICLE III

SERIES 2025B PROJECT SALE AND TITLE; SERIES 2025B INSTALLMENT PAYMENTS; NET REVENUES

Section 3.01. Sale. The Authority hereby sells, bargains and conveys the Series 2025B Project to the City, and the City hereby purchases the Series 2025B Project from the Authority upon the terms and conditions set forth in this Series 2025B Installment Sale Agreement.

Section 3.02. Title. The City and the Authority agree that title to the Series 2025B Project, and each component thereof, shall be deemed conveyed to and vested in the City upon the completion of the acquisition, construction and installation thereof. The Authority and its officers shall take all actions necessary to vest in the City all of the Authority's rights in and title to the Series 2025B Project.

Section 3.03. Assignment by the Authority. The Authority's right, title and interest in this Series 2025B Installment Sale Agreement, including the right to receive and enforce payment of the Series 2025B Installment Payments to be made by the City under this Series 2025B Installment Sale Agreement, have

been assigned to the Trust Administrator, subject to certain exceptions, pursuant to the Series 2025B Assignment Agreement, to which assignment the City hereby consents. The City understands and agrees that the Authority has assigned its right, title and interest (but not its duties or obligations) in this Series 2025B Installment Sale Agreement to the Trust Administrator pursuant to the Series 2025B Assignment Agreement for the benefit of the Owners of the Series 2025B Bonds. The Authority hereby directs the City, and the City hereby agrees, to pay to the Trust Administrator at the Trust Administrator's Trust Office or at such other place as the Trust Administrator shall direct in writing, all payments payable by the City pursuant to this Series 2025B Installment Sale Agreement.

Section 3.04. Term of the Series 2025B Installment Sale Agreement. The Term of the Series 2025B Installment Sale Agreement shall be as provided in the Series 2025B Trust Agreement.

Section 3.05. Series 2025B Installment Payments.

(a) **Obligation to Pay.** The City agrees to pay to the Authority, its successors and assigns, as the purchase price of the Series 2025B Project, the Series 2025B Installment Payments, consisting of components of principal and interest, on the Series 2025B Installment Payment Dates and in the amounts specified in Exhibit B hereto, except such amounts shall be reduced by moneys on deposit in the Series 2025B Installment Payment Fund and credited to the payment of Series 2025B Installment Payments next due. The Series 2025B Installment Payments shall be payable solely from Net Revenues as hereinafter provided.

(b) **Reduction upon Partial Prepayment.** In the event the City prepays less than all of the remaining principal components of the Series 2025B Installment Payments pursuant to Sections 4.02 and 4.03 hereof, the amount of such prepayment shall be applied to reduce the principal component of the subsequent remaining Series 2025B Installment Payments in inverse order of maturity.

(c) **Rate on Overdue Payments.** In the event the City should fail to make any of the payments required in this Section 3.05 so that there are insufficient moneys on hand in the Series 2025B Installment Payment Fund to pay any Series 2025B Installment Payment in full on an Series 2025B Installment Payment Date, the Series 2025B Installment Payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable with respect to the Series 2025B Bonds.

Section 3.06. Special Obligation of the City.

(a) **Limitations.** The City's obligation to pay the Series 2025B Installment Payments shall be a special obligation limited solely to Net Revenues. Under no circumstances shall the City be required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Series 2025B Installment Payments, nor shall any other funds or property of the City be liable for the payment of the Series 2025B Installment Payments.

(b) Obligations Unconditional. Subject to Section 3.06(a), the obligations of the City to make the Series 2025B Installment Payments from Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the City, the Authority or the Trust Administrator of any obligation to the City or otherwise with respect to the Series 2025B Project, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the Trust Administrator.

(c) Obligations Specified. Until such time as all the Series 2025B Installment Payments shall have been fully paid or prepaid, the City:

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

(ii) will perform and observe all other agreements contained in this Series 2025B Installment Sale Agreement; and

(iii) will not terminate the Term of this Series 2025B Installment Sale Agreement for any cause, including, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Series 2025B Project, the taking by eminent domain of title to or temporary use of any or all of the Series 2025B Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Authority or the Trust Administrator to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Series 2025B Trust Agreement, the Series 2025B Assignment Agreement or this Series 2025B Installment Sale Agreement.

(d) Authority Obligations. Nothing contained in this Section 3.06 shall be construed to release the Authority from the performance of any of the agreements on its part herein contained, and in the event the Authority shall fail to perform any such agreements on its part, the City may institute such action against the Authority as the City may deem necessary to compel performance so long as such action does not abrogate the obligations of the City contained in Section 3.06(b) above. The City may, however, at the City's own cost and expense and in the City's own name or in the name of the Authority prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect the City's right of possession, occupancy and use hereunder, and in such event the Authority hereby agrees to cooperate fully with the City and to take such action necessary to effect the substitution of the City for the Authority in such action or proceeding if the City shall so request.

Section 3.07. Pledge of Net Revenues; Transfer to Pay Series 2025B Installment Payments; Release from Lien.

(a) Pledge of Net Revenues. The City hereby agrees that the payment of the Series 2025B Installment Payments shall be secured by a first pledge, charge and lien upon Net Revenues which pledge, charge and lien are on parity with any Parity Obligations, and Net Revenues

sufficient to pay the Series 2025B Installment Payments as they become due and payable are hereby pledged, charged, assigned, transferred and set over by the City to the Authority and its assigns for the purpose of securing payment of the Series 2025B Installment Payments. The Net Revenues shall constitute a trust fund for the security and payment of the Series 2025B Installment Payments.

(b) Transfer to Pay Series 2025B Installment Payments. In order to provide for the payment of Series 2025B Installment Payments when due, the City shall, on or before each Series 2025B Installment Payment Date, transfer to the Trust Administrator for deposit into the Series 2025B Installment Payment Fund the amount indicated in Exhibit B attached hereto as required for the next occurring Series 2025B Installment Payment Date. Notwithstanding Exhibit B attached hereto, the City shall be obligated to make Series 2025B Installment Payments sufficient to pay all principal and interest due with respect to the Series 2025B Bonds.

Section 3.08. Rate Covenant. The City hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the Wastewater System which, after allowances for contingencies and error in the estimates, shall produce Gross Revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.20 times (i) the Series 2025B Installment Payments coming due and payable during such Fiscal Year, (ii) all payments required with respect to Parity Obligations and (iii) amounts required to replenish the Series 2025B Reserve Fund, as required by Section 6.06 of the Series 2025B Trust Agreement.

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

(a) No Obligations Superior to Series 2025B Installment Payments. In order to protect further the availability of the Net Revenues and the security for the Series 2025B Installment Payments and any Parity Obligations, the City hereby agrees that the City shall not, so long as any Series 2025B Bonds are outstanding, issue or incur any obligations payable from Gross Revenues or Net Revenues superior to the Series 2025B Installment Payments or any Parity Obligations.

(b) Parity Obligations. The City further covenants that, except for obligations issued or incurred to prepay the Series 2025B Installment Payments in full pursuant to Section 4.02 hereof, the City shall not issue or incur any Parity Obligations unless:

(i) The City is not in default under the terms of this Series 2025B Installment Sale Agreement;

(ii) Net Revenues, calculated on sound accounting principles, either (i) as shown by the books of the City for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the City, or (ii) as shown by the books of the City for any more recent twelve (12) month period selected by the City, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the City, plus in either case (at the option of the City) the Additional Revenues, shall be at least equal to one hundred twenty percent (120%) of the amount of Maximum Annual Debt Service on all outstanding Parity Obligations and the Parity Obligations to be issued.

(iii) At the discretion of the City, a reserve fund may be funded for such proposed Parity Obligations which may be at least equal to the amount resulting from the application on the closing date of such Parity Obligations of the formula contained in the definition of “Series 2025B Reserve Requirement.”

(iv) So long as all of the Outstanding Series 2025B Bonds are held by the Original Purchaser, the prior written consent of such Original Purchaser shall have been obtained.

Section 3.10. Additional Payments. In addition to the Series 2025B Installment Payments, the City shall pay, from Net Revenues, when due all costs and expenses incurred by the Authority to comply with the provisions of the Series 2025B Trust Agreement and this Series 2025B Installment Sale Agreement, including, without limitation all Delivery Costs (to the extent not paid from amounts on deposit in the Redemption Account), compensation due to the Trust Administrator for its fees, costs and expenses incurred under the Series 2025B Trust Agreement and the Series 2025B Assignment Agreement and all costs and expenses of attorneys, auditors, engineers and accountants.

Section 3.11. Payments to Series 2025B Reserve Fund. In addition to the Series 2025B Installment Payments, the City shall make payments to the Series 2025B Reserve Fund of 10% of one annual Debt Service payment on the Series 2025B Bonds per year for ten years or until the balance is equal to one annual Debt Service payment on the Series 2025B Bonds (the “Series 2025B Reserve Requirement”). Prior written concurrence from the Government must be obtained before funds may be withdrawn from this account during the life of the Series 2025B Bonds. When funds are withdrawn during the life the Series 2025B Bonds, payments to the Series 2025B Reserve Fund will continue until the Series 2025B Reserve Requirement is reached.

Section 3.12. Payments to Short-Lived Assets Series 2025B Reserve Fund. In addition to the Series 2025B Installment Payments, the City shall deposit \$8,020.40 into the Short-Lived Assets Series 2025B Reserve Fund, and shall maintain for as long as any of the Series 2025B Bonds remain outstanding to pay for repairs and/or replacement of major Wastewater System assets in the order of priority set forth in Section 5.04 of the Series 2025B Trust Agreement.

The City may withdraw amounts on deposit in the Short-Lived Assets Series 2025B Reserve Fund from time to time to pay for timely replacement of “short-lived assets” of the Wastewater System, which for purposes of this Section shall mean any component or assets of the Wastewater System, including without limitation pumps, paint and small equipment, that will need to be repaired or replaced over a one to fifteen-year period, the cost of which is not included within the definition of Operation and Maintenance Costs.

Notwithstanding the foregoing, before each June 30 the City shall evaluate the status and condition of short-lived assets of the Wastewater System and, if such evaluation suggests that a lesser or greater deposit is required in order to provide for the timely replacement of any short-lived assets, the City may upon consultation by the City with the Government decrease the amount of the annual deposit into the Short-Lived Assets Series 2025B Reserve Fund if a lesser amount is indicated, but shall increase the amount of the annual deposit in to the Short-Lived Assets Series 2025B Reserve Fund if a greater amount is indicated.

ARTICLE IV

PREPAYMENT OF SERIES 2025B INSTALLMENT PAYMENTS

Section 4.01. Prepayment. The City shall have the right to prepay the Series 2025B Installment Payments, but only in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

Section 4.02. Optional Prepayment. Subject to the terms and conditions of this Section 4.02, the Authority hereby grants an option to City to prepay without penalty the Series 2025B Installment Payments in full, by paying the total unpaid principal component of the Series 2025B Installment Payments as set forth in Exhibit B or in part, but not in an amount of less than the Denomination Amount or any integral multiple thereof, at any one time. Said option may be exercised on any date following written notice by the City to the Authority and the Trust Administrator of the exercise of such option at least thirty (30) days prior to date designated for prepayment. Such option shall be exercised in the event of prepayment in full, by depositing with the Trust Administrator by the applicable prepayment date cash in an amount sufficient to pay the total unpaid principal component of the Series 2025B Installment Payments as set forth in Exhibit B, together with any Series 2025B Installment Payments then due but unpaid together with accrued interest to the prepayment date, or, in the event of prepayment in part, by depositing with the Trust Administrator by the applicable date of prepayment, an amount divisible by the Denomination Amount equal to the amount desired to be prepaid together with any Series 2025B Installment Payments then due but unpaid together with accrued interest on the amount to be prepaid to the prepayment date.

In the event of prepayment in part, prepayments will be applied in inverse order of maturity and the Authority or City shall revise the Exhibit B Schedule of Series 2025B Installment Payments, which schedule shall take into account such prepayment and shall be and become for all purposes thereafter the “Amended Exhibit B to this Series 2025B Installment Sale Agreement.”

Section 4.03. Mandatory Prepayment from Net Proceeds of Insurance or Condemnation. The City shall be obligated to prepay the Series 2025B Installment Payments in whole or in part on any Series 2025B Installment Payment Date from and to the extent of any Net Proceeds of any insurance or condemnation award theretofore deposited in the Series 2025B Installment Payment Fund for such purpose pursuant to Section 5.07 hereof or pursuant to Section 7.02 of the Series 2025B Trust Agreement. The City and the Authority hereby agree that such Net Proceeds shall be credited towards the City’s obligations under this Section 4.03. Except in the case of such prepayment of the Series 2025B Installment Payments in full, such payment shall be in addition to the Series 2025B Installment Payment required to be paid by the City on such date.

Section 4.04. Credit for Amounts on Deposit. In the event the City elects or is required to prepay the Series 2025B Installment Payments in full under this Article IV, such that the Series 2025B Trust Agreement shall be discharged by its terms as a result of such prepayment, all amounts then on deposit in the Series 2025B Installment Payment Fund or the Series 2025B Reserve Fund shall be credited towards the amounts required to be so prepaid.

Section 4.05. Security Deposit. Notwithstanding any other provision of this Series 2025B Installment Sale Agreement, the City may, on any date, secure the payment of Series 2025B Installment

Payments by a deposit with the Trust Administrator, as escrow holder under an escrow deposit and trust agreement as referenced in Section 14.01(d) of the Trust Agreement, of:

(a) All Series 2025B Installment Payments. in the case of a security deposit relating to all Series 2025B Installment Payments, either (i) an amount which, together with amounts on deposit in the Series 2025B Installment Payment Fund and the Series 2025B Reserve Fund, is sufficient to pay all unpaid Series 2025B Installment Payments, including the principal and interest components thereof, in accordance with the Series 2025B Installment Payment schedule set forth in Exhibit B attached hereto, or (ii) Discharge Obligations, together with cash, if required, in such amount as will, in the opinion of nationally-recognized bond counsel and of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Discharge Obligations then on deposit in the Series 2025B Installment Payment Fund and the Series 2025B Reserve Fund, be fully sufficient to pay all unpaid Series 2025B Installment Payments on their Series 2025B Installment Payment Date; or

(b) Portion of Series 2025B Installment Payments. in the case of a security deposit relating to a portion of the Series 2025B Installment Payments both (i) a Written Certificate executed by a City Representative designating the portion of the Series 2025B Installment Payments to which the deposit pertains, and (ii) cash or Discharge Obligations, in such amount as will, together with interest to be received thereon, if any, and an allocable portion of amounts on deposit in the Series 2025B Installment Payment Fund and the Series 2025B Reserve Fund, be fully sufficient in the opinion of an independent certified public accountant, to pay the portion of the Series 2025B Installment Payments designated in the aforesaid City Representative's Written Certificate.

(c) Effect. In the event of a deposit pursuant to this Section 4.05, all obligations of the City under this Series 2025B Installment Sale Agreement pertaining to the portion of the Series 2025B Installment Payments for which the deposit has been made shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all Series 2025B Installment Payments, or the portion of Series 2025B Installment Payments to which the deposit pertains, from the deposit made by City pursuant to this Section 4.05. Such deposit shall be deemed to be and shall constitute a special fund for the payment of Series 2025B Installment Payments in accordance with the provisions of this Series 2025B Installment Sale Agreement; and further provided that any security deposit relating to the Series 2025B Project shall not affect the covenant of the City contained in Section 3.09 hereof in the event such security deposit is insufficient to pay or prepay all Series 2025B Installment Payments relating to the Series 2025B Project when and as the same become due and payable. Upon said deposit, the Authority will execute or cause to be executed any and all documents as may be necessary to release the security provided hereby to the extent of such deposit.

(d) Notwithstanding any contrary provision contained herein, so long as the Government is the Owner of the Series 2025B Bonds, the Series 2025B Bonds may not be defeased.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.01. Maintenance, Taxes and Assessments, Contests.

(a) **Operation.** The City covenants to operate the Wastewater System in an efficient and economical manner and operate, maintain and preserve the Wastewater System in good repair and working order in accordance with customary standards and practices applicable to similar facilities

(b) **Taxes and Assessments.** The City shall also pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or the City or levied, assessed or charged against the Wastewater System or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of this Series 2025B Installment Sale Agreement as and when the same become due.

(c) **Contest.** The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments and charges and, in the event of any such contest, may permit the taxes, assessments or charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items, the Series 2025B Project or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 5.02. Modification of Series 2025B Project. The City shall, at its own expense, have the right to remodel the Series 2025B Project or to make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Series 2025B Project and be subject to the provisions of this Series 2025B Installment Sale Agreement. Such additions, modifications and improvements shall not in any way damage the Series 2025B Project or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Series 2025B Project, upon completion of any additions, modifications and improvements made pursuant to this Section 5.02, shall be of a value which is not substantially less than the value of the Series 2025B Project immediately prior to the making of such additions, modifications and improvements.

Section 5.03. Installation of City's Equipment. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Series 2025B Project. All such items shall remain the sole property of the City, in which neither the Authority nor the Trust Administrator shall have any interest, and may be modified or removed by the City at any time provided that the City shall repair and restore any and all damage to the Series 2025B Project resulting from the installation, modification or removal of any such items. Nothing in this Series 2025B Installment Sale Agreement shall prevent the City from purchasing items to be installed pursuant to this Section 5.03 under a conditional sale or lease purchase contract, or

subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof.

Section 5.04. Public Liability and Property Damage Insurance.

(a) **Insurance Policies.** The City shall maintain or cause to be maintained, throughout the Term of this Series 2025B Installment Sale Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the City, its members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Wastewater System (but only if such insurance is available at reasonable cost on the open market from reputable insurance companies). Such policy or policies shall afford protection in such amounts, with such deductibles, as are usually covered in connection with operations similar to the Wastewater System. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City, and may be maintained in the form of insurance maintained through a nonprofit public benefit Authority created for such purpose or in the form of self-insurance by the City.

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

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

Section 5.05. Fire and Extended Coverage Insurance.

(a) **Insurance Policies.** The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Series 2025B Installment Sale Agreement, insurance against loss or damage to any above-ground structures, including City-owned equipment and machinery housed therein, constituting any part of the Wastewater System by fire and lightning, with extended coverage insurance but not including earthquake insurance. Such insurance need not include reservoirs, standpipes and elevated tanks. Such insurance shall be in an amount which is not less than 100% of the replacement cost of the Series 2025B Project. Such insurance may be subject to a deductible clause of not to exceed ten percent of said replacement cost for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the City, and may be maintained in the form of insurance maintained through a nonprofit public benefit Authority created for such purpose or in the form of self-insurance by the City.

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

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

Section 5.06. Insurance Net Proceeds; Form of Policies. The insurance required by Section 5.05 hereof shall provide that all applicable proceeds thereunder shall be payable to the Trust Administrator for the benefit of the Series 2025B Bond Owners. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Series 2025B Installment Sale Agreement. All such policies shall provide that the Authority and the Trust Administrator are named as additional insureds and that the Trust Administrator shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trust Administrator shall not be responsible for the sufficiency of any insurance herein required or for the obtaining of such insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City. The City shall cause to be delivered to the Trust Administrator annually, no later than the end of each Fiscal Year, a Written Series 2025B Bond signed by a City Representative stating that the City is in compliance with Sections 5.04 and 5.05 of this Agreement. The Trust Administrator may conclusively rely on such Written Series 2025B Bonds.

Section 5.07. Application of Net Proceeds.

(a) **From Insurance Award.** The Net Proceeds of any insurance award resulting from any damage to or destruction of the Series 2025B Project by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trust Administrator promptly upon receipt thereof and, if the City Representative notifies the Trust Administrator in writing of the City's determination that the replacement, repair, restoration, modification or improvement of the Series 2025B Project is not economically feasible or in the best interest of the City, then such Net Proceeds shall be promptly transferred by the Trust Administrator to the Series 2025B Installment Payment Fund to be applied as provided in Section 4.03 hereof. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Series 2025B Project by the City, upon receipt of a requisition, signed by the City Representative and, so long as all of the Outstanding Series 2025B Bonds are held by the Original Purchaser, the Owner of the Series 2025B Bonds stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or Authority to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Series 2025B Installment Payment Fund. The City covenants that it will commence such replacement, repair, restoration, modification or improvement or indicate that such replacement, repair, restoration, modification or improvement is not economically feasible within 180 days of receipt of such Net Proceeds.

(b) **From Eminent Domain Award.** The Net Proceeds of any eminent domain award shall be deposited in the Insurance and Condemnation Fund to be held and applied by the Trust Administrator pursuant to Section 7.02 of the Series 2025B Trust Agreement.

Section 5.08 Advances. If the City shall fail to perform any of its obligations under this Article V, the Authority may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as soon as possible, with interest at the rate of interest with respect to the Series 2025B Bonds from the date of the advance to the date of repayment.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS; INDEMNITY

Section 6.01. Disclaimer of Warranties. The Authority makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City for the Series 2025B Project, or any other representation or warranty with respect to the Series 2025B Project or any item thereof. In no event shall the Authority be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Series 2025B Installment Sale Agreement or the Series 2025B Trust Agreement for the existence, furnishing, functioning or City's use of the Series 2025B Project.

Section 6.02. Access to the Series 2025B Project and Records. To the extent permitted by law, the City agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have the right at all reasonable times to enter upon and to examine and inspect the Series 2025B Project. The City further agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have such rights of access to the Series 2025B Project as may be reasonably necessary to cause the proper maintenance of the Series 2025B Project in the event of failure by the City to perform its obligations hereunder. In addition, the City agrees that the Authority, any Authority Representative, and the Authority's successors or assigns shall have the right at all reasonable times to inspect and examine all books, papers and records of the Authority and the City pertaining to the Series 2025B Project and the Series 2025B Bonds, to make copies thereof and to take non-privileged memoranda therefrom or with respect thereto as may be desired.

Section 6.03. Indemnity. The City shall and hereby agrees to indemnify and save the Authority and its successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of: (a) the use, maintenance, condition or management of, or from any work or thing done on the Series 2025B Project by the City; (b) any breach or default on the part of the City in the performance of any of its obligations under this Series 2025B Installment Sale Agreement; (c) any act or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Series 2025B Project; (d) any act or negligence of any assignee or sublessee of the City with respect to the Series 2025B Project; or (e) the construction of the Series 2025B Project or the authorization of payment of the Delivery Costs by the City or the Authority. No indemnification is made under this Section 6.03, or elsewhere in this Series 2025B Installment Sale Agreement for willful misconduct, negligence, or breach of duty under this Series 2025B Installment Sale Agreement by the Authority, its officers, agents, employees, successors or assigns.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default Defined. The following shall be “events of default” under this Series 2025B Installment Sale Agreement and the terms “events of default” and “default” shall mean, whenever they are used in this Series 2025B Installment Sale Agreement, any one or more of the following events:

(a) Failure by the City to pay any Series 2025B Installment Payment by the Series 2025B Installment Payment Date or failure to make any other payment required to be paid hereunder at the time specified herein; or

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Series 2025B Installment Sale Agreement or the Series 2025B Trust Agreement, other than as referred to in clause (a) of this Section 7.01, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority, the Trust Administrator or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Series 2025B Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority, the Trust Administrator or such Owners, as applicable, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(c) The filing by the City of a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or the approval by a court of competent jurisdiction of a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the City or of the whole or any substantial part of its property; or

(d) An event of default shall have occurred and be continuing with respect to any Parity Obligations.

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

(a) declare all principal components of the unpaid Series 2025B Installment Payments, together with accrued interest at the rate or rates specified in the respective Outstanding Series 2025B Bonds from the immediately preceding Series 2025B Installment Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall become due and payable; and

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Series 2025B Installment Payments then due or thereafter to become due during the Term of this Series 2025B Installment Sale Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Series 2025B Installment Sale Agreement.

Section 7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Series 2025B Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VII it shall not be necessary to give any notice, other than such notice as may be required in this Article VII or by law.

Section 7.04. Prosecution and Defense of Suits. The City shall promptly, upon request of the Authority or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Series 2025B Project whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify or cause to be indemnified the Authority and its assignee for all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

To the extent permitted by law, the City shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against the Authority or its assignee upon any claim arising out of the receipt, application or disbursement of any of the Net Revenues or involving the rights or duties of the Authority or its assignee under this Series 2025B Installment Sale Agreement or the Series 2025B Trust Agreement; provided, that the Authority and its assignee at their election may appear in and defend any such suit, action or proceeding. The City shall indemnify or cause to be indemnified the Authority and its assignee against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect, even though all Series 2025B Installment Payments have been fully paid and satisfied, until a date which is three (3) years following the payment of the last of the Series 2025B Installment Payments.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Series 2025B Installment Sale Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. Application of the Proceeds. The Trust Administrator, as assignee of the Authority, shall apply all amounts received under this Article VII as set forth in Section 3.03 of the Series 2025B Trust Agreement.

Section 7.07. Liability Limited to Net Revenues. Notwithstanding any provision of this Series 2025B Installment Sale Agreement, the City's liability to pay the Series 2025B Installment Payments and

other amounts hereunder shall be limited solely to Net Revenues as provided in Sections 3.06 and 3.07 hereof. In the event that Net Revenues shall be insufficient at any time to pay an Series 2025B Installment Payment in full, the City shall not be liable to pay or prepay such Series 2025B Installment Payment other than from Net Revenues.

Section 7.08. Trust Administrator and Series 2025B Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VII have been assigned by the Authority to the Trust Administrator under the Series 2025B Assignment Agreement, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trust Administrator and the Owners of the Series 2025B Bonds as provided in the Series 2025B Trust Agreement.

Section 7.09. Pro Rata Application of Net Revenues. If, at any time, there is a deficiency in Net Revenues available to pay the Series 2025B Installment Payments, any amounts due with respect to Parity Obligations, amounts required to replenish the Series 2025B Reserve Fund or amounts required to replenish any reserve fund established for Parity Obligations, available Net Revenues shall be applied on a pro rata basis to the payment of such Series 2025B Installment Payments and to the payment of amounts due with respect to Parity Obligations, then to the replenishment of the Series 2025B Reserve Fund and to the replenishment of any reserve fund established for Parity Obligations.

ARTICLE VIII

MISCELLANEOUS

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

(a) **Assignment or Sale.** This Series 2025B Installment Sale Agreement may not be assigned by the City, and the Wastewater System may not be sold by the City during the Term of this Series 2025B Installment Sale Agreement.

(b) **Lease.** The City may lease the Series 2025B Project, or any portion thereof, with the consent of the Owner of the Series 2025B Bonds so long as all of the Outstanding Series 2025B Bonds are held by the Original Purchaser thereof, and subject to all of the following conditions:

(i) This Series 2025B Installment Sale Agreement and the obligation of the City to make Series 2025B Installment Payments hereunder shall remain obligations of the City;

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

(iii) No such lease by the City shall cause the Series 2025B Project to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State; and

(iv) No such lease shall cause the interest component of the Series 2025B Installment Payments to become subject to federal income taxes or State personal income taxes.

Section 8.02. Amendment of Series 2025B Installment Sale Agreement. The City will not alter, modify or cancel or agree or consent to alter, modify or cancel this Series 2025B Installment Sale Agreement, except as permitted by Article X of the Series 2025B Trust Agreement, without the written consent of the Trust Administrator and the Authority.

Section 8.03. Binding Effect. This Series 2025B Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 8.04. Applicable Law. This Series 2025B Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.05. Severability. In the event any provision of this Series 2025B Installment Sale Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.06. Captions. The captions or headings in this Series 2025B Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article or Section of this Series 2025B Installment Sale Agreement.

Section 8.07. Net Contract. This Series 2025B Installment Sale Agreement shall be deemed and construed to be a “net contract” and the City hereby agrees that the Series 2025B Installment Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 8.08. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Series 2025B Project hereby sold or intended so to be or for carrying out the expressed intention of this Series 2025B Installment Sale Agreement.

Section 8.09. Authority and City Representatives. Whenever under the provisions of this Series 2025B Installment Sale Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authority Representative and for the City by a City Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 8.10. Notices. All notices, Written Certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail with postage fully prepaid:

If to the City: City of San Juan Bautista
311 Second Street
San Juan Bautista, CA 95045
Attention: City Manager

If to the Authority: San Juan Bautista Public Financing Authority
311 Second Street
San Juan Bautista, CA 95045
Attention: Executive Director

If to the Trust Administrator: City Manager
City of San Juan Bautista
311 Second Street
San Juan Bautista, CA 95045
Attention: City Manager

If to the Government: Rural Development, United States
Department of Agriculture
777 Sonoma Ave, 'E' Street Annex
Santa Rosa, CA 95404
Attention: Area Specialist

And

Rural Development, United States
Department of Agriculture
430 G Street, Suite 4169
Davis, CA 95616
Attention: Community Programs Specialist

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

Section 8.11. Execution in Counterparts. This Series 2025B Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature Page to Follow on Next Page]

IN WITNESS, the Authority has caused this Series 2025B Installment Sale Agreement to be executed in its corporate name by its duly authorized officer, and the City has caused this Series 2025B Installment Sale Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

SAN JUAN BAUTISTA PUBLIC FINANCING
AUTHORITY, *as Seller*

By _____
Authorized Signatory

CITY OF SAN JUAN BAUTISTA, *as Purchaser*

By _____
Authorized Signatory

EXHIBIT A

DESCRIPTION OF THE SERIES 2025B PROJECT

The 2025B Project generally consists of part or all of (i) the decommissioning of the existing Sequencing Batch Reactor pond plan and converting it into an emergency storage basin, (ii) the construction of a new pump station to deliver equalized and screened raw sewage to the City of Hollister Wastewater Treatment Plant, (iii) the construction of a new 10-inch diameter high-density polyethylene pipe for treatment disposal at the City of Hollister Wastewater Treatment Plant, and (iv) all other work contemplated by the USDA Letter of Conditions (the “LOC”) dated November 28, 2022, as well as the corresponding Preliminary Engineering Report referenced therein. The scope of work also includes site piping and grading, demolition, construction, instrumentation, and all necessary appurtenances, permits, rights-of-way, and other real or personal property useful in connection with the 2025B Project, along with all additions, extensions, expansions, improvements, and equipment upgrades.

The 2025B Project may include any other capital additions or replacements within the Wastewater System, provided such work is approved by both USDA and the City, and the use of Series 2025B Bond proceeds for such improvements does not, in and of itself, adversely affect the tax-exempt status of Series 2025B Bonds.

EXHIBIT B

SCHEDULE OF SERIES 2025B INSTALLMENT PAYMENTS*

*The following schedule is subject to modification by the actual advances made by the Original Purchaser, as evidenced in the form of single Series 2025B Bond. Such evidence of advances shall, in all cases, be controlling.

Series 2025B Installment Payment Date	Principal Component	Interest Component	Total Series 2025B Installment Payment
04/1/2026	\$71,000	\$63,408	\$134,408
10/1/2026	-	43,959	43,959
04/1/2027	47,000	43,959	90,959
10/1/2027	-	43,313	43,313
04/1/2028	48,000	43,313	91,313
10/1/2028	-	42,653	42,653
04/1/2029	49,000	42,653	91,653
10/1/2029	-	41,979	41,979
04/1/2030	51,000	41,979	92,979
10/1/2030	-	41,278	41,278
04/1/2031	52,000	41,278	93,278
10/1/2031	-	40,563	40,563
04/1/2032	54,000	40,563	94,563
10/1/2032	-	39,820	39,820
04/1/2033	55,000	39,820	94,820
10/1/2033	-	39,064	39,064
04/1/2034	57,000	39,064	96,064
10/1/2034	-	38,280	38,280
04/1/2035	58,000	38,280	96,280
10/1/2035	-	37,483	37,483
04/1/2036	60,000	37,483	97,483
10/1/2036	-	36,658	36,658
04/1/2037	61,000	36,658	97,658
10/1/2037	-	35,819	35,819
04/1/2038	63,000	35,819	98,819
10/1/2038	-	34,953	34,953
04/1/2039	65,000	34,953	99,953
10/1/2039	-	34,059	34,059
04/1/2040	67,000	34,059	101,059
10/1/2040	-	33,138	33,138
04/1/2041	68,000	33,138	101,138
10/1/2041	-	32,203	32,203
04/1/2042	70,000	32,203	102,203
10/1/2042	-	31,240	31,240
04/1/2043	72,000	31,240	103,240
10/1/2043	-	30,250	30,250

4/1/2044	74,000	30,250	104,250
10/1/2044	-	29,233	29,233
4/1/2045	76,000	29,233	105,233
10/1/2045	-	28,188	28,188
4/1/2046	78,000	28,188	106,188
10/1/2046	-	27,115	27,115
4/1/2047	80,000	27,115	107,115
10/1/2047	-	26,015	26,015
4/1/2048	83,000	26,015	109,015
10/1/2048	-	24,874	24,874
4/1/2049	85,000	24,874	109,874
10/1/2049	-	23,705	23,705
4/1/2050	87,000	23,705	110,705
10/1/2050	-	22,509	22,509
4/1/2051	90,000	22,509	112,509
10/1/2051	-	21,271	21,271
4/1/2052	92,000	21,271	113,271
10/1/2052	-	20,006	20,006
4/1/2053	95,000	20,006	115,006
10/1/2053	-	18,700	18,700
4/1/2054	97,000	18,700	115,700
10/1/2054	-	17,366	17,366
4/1/2055	100,000	17,366	117,366
10/1/2055	-	15,991	15,991
4/1/2056	103,000	15,991	118,991
10/1/2056	-	14,575	14,575
4/1/2057	105,000	14,575	119,575
10/1/2057	-	13,131	13,131
4/1/2058	108,000	13,131	121,131
10/1/2058	-	11,646	11,646
4/1/2059	111,000	11,646	122,646
10/1/2059	-	10,120	10,120
4/1/2060	114,000	10,120	124,120
10/1/2060	-	8,553	8,553
4/1/2061	118,000	8,553	126,553
10/1/2061	-	6,930	6,930
4/1/2062	121,000	6,930	127,930
10/1/2062	-	5,266	5,266
4/1/2063	124,000	5,266	129,266
10/1/2063	-	3,561	3,561
4/1/2064	128,000	3,561	131,561
10/1/2064	-	1,801	1,801
4/1/2065	131,000	1,801	132,801
Totals	\$3,268,000	\$2,117,933	\$5,385,933

SERIES 2025A TRUST AGREEMENT

by and among the

CITY OF SAN JUAN BAUTISTA

and

SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY

and the

**CITY MANAGER
OF THE CITY OF SAN JUAN BAUTISTA,
as Trust Administrator**

Dated as of September 1, 2025

Relating to

**\$7,000,000
SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY
(CITY OF SAN JUAN BAUTISTA)
SERIES 2025A WASTEWATER REVENUE BONDS
(SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT)**

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SERIES 2025A TRUST AGREEMENT

THIS SERIES 2025A TRUST AGREEMENT, dated as of September 1, 2025, is by and among SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, a California public financing authority formed and existing under the joint powers authority laws of the State of California (the “Authority”), the CITY OF SAN JUAN BAUTISTA, a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California (the “City”), and the City Manager of the City, as Trust Administrator (the “Trust Administrator”);

WITNESSETH:

WHEREAS, the City and the Authority propose to undertake the acquisition and financing of certain capital improvements described herein (the “Series 2025A Project”) to the City’s municipal wastewater system (the “Enterprise” or “Wastewater System”); and

WHEREAS, to help finance the Series 2025A Project, the City has agreed to purchase the Series 2025A Project from the Authority pursuant to, and in accordance with the terms set forth in the Series 2025A Installment Sale Agreement, dated as of September 1, 2025, by and between the City and the Authority (the “Series 2025A Installment Sale Agreement”); and

WHEREAS, concurrently with the execution of this Series 2025A Trust Agreement, it is contemplated that the Trust Administrator will authenticate and deliver the San Juan Bautista Public Financing Authority (City of San Juan Bautista), Series 2025A Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project), in the aggregate principal amount of \$7,000,000 (the “Series 2025A Bonds”), evidencing a direct, undivided fractional interest in certain Series 2025A Installment Payments to be made by the City, pursuant to the terms and conditions of the Series 2025A Installment Sale Agreement (the “Series 2025A Installment Payments”); and

WHEREAS, all rights to receive the Series 2025A Installment Payments have been assigned without recourse by the Authority to the Trust Administrator, for the benefit of the Owners of the Series 2025A Bonds, pursuant to the Series 2025A Assignment Agreement, dated as of September 1, 2025, by and between the City and the Authority (the “Series 2025A Assignment Agreement”); and

WHEREAS, in consideration of such assignment, concurrently with the execution of this Series 2025A Trust Agreement, the Trust Administrator will authenticate and deliver the Series 2025A Bonds to the United States of America, acting through the Rural Utilities Service (interchangeably, the “USDA” or “Government”), as the initial purchasers thereof, each secured by, among other things, the Series 2025A Installment Payments; and

WHEREAS, the City and Authority after due investigation and deliberation have each adopted respective resolutions authorizing the financing of the Series 2025A Project through the execution and delivery of the Series 2025A Bonds; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Series 2025A Trust Agreement do exist, have happened and have been performed in regular and due time, form and

manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Series 2025A Trust Agreement; and

WHEREAS, the City has determined that all acts and proceedings required by law necessary to make the Series 2025A Bonds, when executed, authenticated and delivered by the Trust Administrator and duly issued, the valid, binding and legal special obligations of the City, and to constitute this Series 2025A Trust Agreement 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 this Series 2025A Trust Agreement have been in all respects duly authorized; and

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

ARTICLE I DEFINITIONS; AUTHORIZATION; EXHIBITS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Series 2025A Trust Agreement and of any trust agreement supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. In addition, all terms defined in the Series 2025A Installment Sale Agreement and not otherwise defined herein shall have the respective meanings specified in the Series 2025A Installment Sale Agreement.

“Additional Revenues” means, with respect to the issuance of any Parity Obligations, an allowance for Net Revenues arising from (i) any increase in the charges made for service from the Wastewater System, adopted prior to the incurring of such Parity Obligations and effective within eighteen (18) months following the date of incurring such Parity Obligations, in an amount equal to the total amount by which the Net Revenues for the Wastewater System would have been increased if such increase in charges had been in effect during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the City, (ii) any increase in service connections to the Wastewater System, prior to the incurring of such Parity Obligations, in an amount equal to the total amount by which the Net Revenues for the Wastewater System would have been increased if such connections had been in existence during the whole of the most recent complete Fiscal Year or during any more recent twelve (12) month period selected by the City, all as shown by the certificate or opinion of an Independent Financial Consultant, and (iii) any additions to or improvements or extensions of the Wastewater System to be constructed with the proceeds of such Parity Obligations, and also for net revenues from any such additions, improvements or extensions which have been constructed from moneys from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 85% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period following closing of the proposed Parity Obligations, all as shown by the certificate or opinion of an Independent Engineer or Independent Financial Consultant.

“Series 2025A Assignment Agreement” means the Series 2025A Assignment Agreement, dated as of September 1, 2025, by and between the Authority and the Trust Administrator, together with any amendments or supplements thereto.

“**Authority**” means the San Juan Bautista Public Financing Authority, a California public financing authority formed and existing under the joint powers authority laws of the State of California, with the power and authority to, among other things, issue the Series 2025A Bonds under the Bond Law.

“**Authority Board**” means the Board of Directors of the Authority.

“**Authority Representative**” means the Chairman, Vice Chairman, Executive Director, Treasurer or Secretary of the Authority, or any other person authorized by resolution of the Authority Board to act on behalf of the Authority under or with respect to this Series 2025A Trust Agreement.

“**Bank**” means First Foundation Public Finance, a Delaware statutory trust and wholly owned subsidiary of First Foundation Bank (including its successors and assigns), as the purchaser and owner of the 2023 Notes.

“**Bond Counsel**” means (a) The Weist Law Firm, and (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to municipal obligations, the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code.

“**Bond Law**” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with section 6584) of the Act, as in existence on the Closing Date or as thereafter amended from time to time.

“**Series 2025A Bond Maturity Date**” means April 1, 2065, which is the date on which the final principal component of the Series 2025A Installment Payments evidenced and represented thereby shall become due and payable.

“**Series 2025A Bond Register**” means the Series 2025A Bond Register relating to the Series 2025A Bonds maintained by the Trust Administrator in accordance with Section 2.11 of this Series 2025A Trust Agreement.

“**Series 2025A Bonds**” means the \$7,000,000 San Juan Bautista Public Financing Authority (City of San Juan Bautista), Series 2025A Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project), dated the Closing Date, executed and delivered pursuant to this Series 2025A Trust Agreement.

“**Series 2025B Bonds**” means the \$3,268,000 San Juan Bautista Public Financing Authority (City of San Juan Bautista), Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project), dated the Closing Date, executed and delivered pursuant to this Series 2025B Trust Agreement.

“**Business Day**” means any day other than (i) a Saturday or a Sunday or (ii) a day on which the City offices are authorized or obligated by law or executive order to be closed.

“**City**” means the City of San Juan Bautista, a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California.

“City Council” means the City Council as the legislative body of the City.

“City Representative” means the Mayor, Mayor Pro Tem, City Manager, Treasurer, Finance Director, City Clerk or Acting City Clerk, or any other official of the City authorized by the City Council to act for, and on behalf of, the City.

“Closing Date” means the date upon which there is a physical delivery of the Series 2025A Bonds in exchange for the amount representing the purchase price of all or the first advance of a portion of the purchase price of the Series 2025A Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury regulations, including temporary and proposed regulations relating to each such section that are applicable to the Parity Obligations or the use of the proceeds thereof.

“County” means the County of San Benito, California.

“Debt Service” means, for any Fiscal Year, the sum of (1) the interest falling due during such Fiscal Year on all Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued), assuming that all outstanding serial Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are redeemed as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities that mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), (2) the principal amount of all serial Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) falling due by their terms during such Fiscal Year, and (3) the minimum amount of term Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) required to be paid or called and redeemed during such Fiscal Year, together with the redemption premiums, if any, thereon; provided that, whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Obligations are not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Obligations have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Obligations is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer Bond Revenue Index (or comparable index if no longer published) plus one hundred fifty (150) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus one hundred fifty (150) basis points.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority relating to the financing and refinancing of the Series 2025A Project from the proceeds of the Series 2025A Bonds, including but not limited to fees and expenses of Bond Counsel and municipal advisor, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, fees and charges of the Trust Administrator, financing discounts, legal fees and charges, financial and other professional consultant fees, fees for execution, transportation and safekeeping of the Series 2025A Bonds, travel expenses and charges and fees in connection with the foregoing.

“Denomination Amount” means the minimum denomination of each Series 2025A Bond which is One Thousand Dollars (\$1,000).

“Discharge Obligations” means (a) cash, or (b) non-callable Federal Securities.

“Enterprise Fund” means the wastewater enterprise fund of the City in which Gross Revenues are to be deposited.

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, hazardous substances, chemical waste, materials or substances.

“Event of Default” means an event of default under Section 7.01 of the Series 2025A Installment Sale Agreement.

“Fair Market Value” means for purposes of valuing the Permitted Investments, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of investment. The Trust Administrator shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of a City Representative in any written directions of a City Representative.

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

“2023 Financing Agreement” means the financing agreement, dated as of February 1, 2023, by and between the City and the Bank relating to the issuance of the 2023 Notes.

“Fiscal Year” means any period of twelve (12) consecutive months established by the City as its fiscal year and shall initially mean the period commencing July 1 of one year and ending on June 30 of the following year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for cities in the State of

California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Finance Director” means the person who is the City’s Finance Director or his or her deputy or assistant.

“Government” means the United States of America, acting through the Rural Utilities Service (or successor agency, bureau or division).

“Gross Revenues” means for any Fiscal Year or other period, all gross income and revenue received by the City from the ownership and operation of the Wastewater System, including, without limiting the generality of the foregoing, (a) all rates, fees and charges received for, and all other income and receipts derived by the City from the operation of the Wastewater System or arising from the Wastewater System determined in accordance with generally accepted accounting principles, including all rates, fees and charges received by the City for the Wastewater System service and the other services of the Wastewater System, (b) all proceeds of insurance (if any) covering business interruptions loss relating to the Wastewater System, (c) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other monies to the extent that the use of such earnings and income is limited by or pursuant to law to the Wastewater System, (d) the proceeds derived by the City directly or indirectly from the sale, lease or other disposition of a part of the Wastewater System, and (e) all other monies howsoever derived by the City from the operation of the Wastewater System or arising from the Wastewater System, including major facility charges; provided, that the term “Revenues” shall not include contributions in aid of construction or refundable customers’ deposits or any other deposits subject to refund until such deposits have become the property of the City.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the City that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Counsel” means an attorney or a firm of attorneys duly admitted to the practice of law before the highest court of the state in which he or such firm maintains an office and who is not an employee of the Authority, the Trust Administrator or the City.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to wastewater systems similar to the Wastewater System, appointed and paid by the City, and who or each of whom:

- (1) is in fact independent and not under the domination of the City;
- (2) does not have a substantial financial interest, direct or indirect, in the City; and
- (3) is not connected with the City as a council member, officer or employee of the City, but may be regularly retained to make reports to the City.

“Independent Financial Consultant” means a financial consultant qualified in the field of municipal finance, appointed and paid by the City, and who:

- (1) is in fact independent and not under the domination of the City or any member thereof;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and
- (3) is not connected with the City as an officer or employee of the City or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the City.

“Series 2025A Installment Payment” means any payment required to be paid by the City to the Authority pursuant to Section 3.05 of the Series 2025A Installment Sale Agreement.

“Series 2025A Installment Payment Date” means each Interest Payment Date.

“Series 2025A Installment Payment Fund” means the fund designated “City of San Juan Bautista, Series 2025A Installment Payment Fund” established and held by the Trust Administrator pursuant to Article III of this Series 2025A Trust Agreement.

“Series 2015 Installment Sale Agreement” means the Series 2015 Wastewater Installment Sale Agreement, dated as of December 1, 2015, by and between the Authority and the City, and any duly authorized and executed amendment or supplement thereto, in the original aggregate principal amount of \$5,238,000.

“Series 2025A Installment Sale Agreement” means the Series 2025A Installment Sale Agreement, dated as of September 1, 2025, by and between the Authority and the City, and any duly authorized and executed amendment or supplement thereto.

“Insurance and Condemnation Fund” means the fund by that name established pursuant to Article VII of this Series 2025A Trust Agreement and held by the Trust Administrator.

“Series 2025A Interest Fund” means the fund by that name established in Section 5.04 herein.

“Interest Payment Date” means April 1 and October 1 of each year, commencing April 1, 2026.

“Interest Rate” means the rate of interest to be paid on the Series 2025A Bond which is 2.750% per annum.

“Listed Event” means, so long as the City has outstanding any Parity Obligations subject to Rule 15c2-12, any of the events required to be reported with respect to such Parity Obligations pursuant to Rule 15c2-12(b)(5).

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the Parity Obligations to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“**Net Proceeds**” means any insurance proceeds or condemnation award paid with respect to the Series 2025A Project, remaining after payment therefrom of all expenses incurred in the collection thereof.

“**Net Revenues**” means Gross Revenues less Operation and Maintenance Expenses.

“**2023 Notes**” means the outstanding principal amount of City of San Juan Bautista, Series 2023 Bond Anticipation Notes (San Juan Bautista to Hollister Force Main Development Project), issued by the City on February 15, 2023.

“**Operation and Maintenance Expenses**” means the reasonable and necessary costs and expenses paid or incurred by the City for maintaining and operating the Wastewater System, determined in accordance with Generally Accepted Accounting Principles, including but not limited to (a) all associated treatment and disposal costs, (b) costs of electricity and other forms of energy supplied to the Wastewater System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Wastewater System in good repair and working order, (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Wastewater System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and (e) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof or of any resolution authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee for any such Parity Obligations and fees and expenses of accountants and independent engineers, but in all cases excluding (i) debt service payable on obligations incurred by the City with respect to the Wastewater System, (ii) costs of capital additions, replacements, betterments, extensions or improvements which under Generally Accepted Accounting Principles are chargeable to a capital account, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

“**Original Purchaser**” means the Government as the first purchaser of the Series 2025A Bonds (evidenced by a single fully registered Series 2025A Bond) upon their delivery by the Trust Administrator on the Closing Date.

“**Outstanding**,” when used as of any particular time with respect to Series 2025A Bonds, means (subject to the provisions of Section 10.03 of this Series 2025A Trust Agreement) all Series 2025A Bonds theretofore executed and delivered by the Trust Administrator under this Series 2025A Trust Agreement except:

(a) Series 2025A Bonds theretofore canceled by the Trust Administrator or surrendered to the Trust Administrator for cancellation;

(b) Series 2025A Bonds for the payment or prepayment of which funds or eligible securities in the necessary amount, including accrued interest thereon, shall have theretofore been deposited with the Trust Administrator (whether upon or prior to the maturity or prepayment date of such Series 2025A Bonds), provided that, if such Series 2025A Bonds are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 4.03 of this Series

2025A Trust Agreement or provision satisfactory to the Trust Administrator shall have been made for the giving of such notice; and

(c) Series 2025A Bonds in lieu of or in exchange for which other Series 2025A Bonds shall have been executed and delivered by the Trust Administrator pursuant to Section 2.09 of this Series 2025A Trust Agreement.

“Owner” or **“Series 2025A Bond Owner”** or **“Registered Owner,”** or any similar term, means the person or entity in whose name a Series 2025A Bond shall be registered.

“Parity Obligations” means the Series 2015 Installment Sale Agreement, the Series 2025A Bonds, the Series 2025B Bonds and any other indebtedness or other obligation (including bonds, certificates, leases and installment sale agreements) hereafter issued or incurred in accordance with Section 3.09(b) of the Series 2025A Installment Sale Agreement and secured by a pledge of and lien on Net Revenues equally and ratably with the Series 2025A Installment Payments.

“Payment Instructions” means the written Irrevocable Payment Instructions dated as of September 1, 2025, given by the City to the Bank, directing the transfer of Series 2025A Bond Proceeds to the Bank to facilitate the corresponding prepayment of the 2023 Notes.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, provided that the same are of appropriate maturity and acquired at Fair Market Value:

(i) Federal Securities and any investment fund, including money market funds or other investment policy arrangement which purchases and holds exclusively Federal Securities;

(ii) Obligations issued by federal land banks or federal home loan banks; or obligations, participations, or other instruments issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or obligations, participations, or other instruments issued by a federal agency or a United States government-sponsored enterprise;

(iii) Investments in repurchase agreements under the terms of which the underlying collateral is transferred to the possession of the Trust Administrator of any securities authorized by paragraphs (i) and (ii) above which have a fair market value (valued at cost) at least equal to 105% of the amount invested in the repurchase agreement and are free of third party claims;

(iv) Nonnegotiable certificates of deposit issued by a nationally chartered bank, a bank chartered by the State of California or a foreign banking Authority, authorized pursuant to Section 1756 of the California Financial Code to transact business in the State of California by accepting deposits, or a State of California or federal savings and loan association, provided that such certificates of deposit are fully collateralized in the manner required for collateralization of trust funds;

(v) Any investment agreement, guarantee or other investment vehicle or security issued by, secured by or otherwise representing the general obligations of a financial institution whose long-term unsecured, uninsured and unguaranteed obligation or claims-paying ability is rated AA or better by any Rating Agency at the time of its issuance, provided that: (a) the

agreement is not subordinated to any other obligations of such financial institution; and (b) if the financial institution fails to maintain a rating of AA or better (without regard to gradations), the City and/or the Authority shall have the right to demand collateral in the form of securities authorized by paragraphs (i) and (ii) above pledged to secure the investment agreement. Such collateral shall be pledged through the Trust Administrator and shall have a fair market value (valued at cost) of at least 105% of the value of funds remaining in the investment agreement. Further, the City and/or the Authority shall have the right to withdraw all funds without penalty should the financial institution fail to provide collateral as required under this paragraph;

(vi) Investments otherwise defined in Section 53601 of the California Government Code, as amended from time to time; provided that the Trust Administrator shall not be obligated to invest in any form of investment pursuant to this subparagraph (vi) except upon receipt of a certificate of a City Representative that any directed investment to be made pursuant to this subparagraph (vi) meets this definition as set forth in this subparagraph (vi); and

(vii) The Local Agency Investment Fund of the State or any state administered pool investment fund in which the City is statutorily permitted or required to invest will be deemed a permitted investment.

“Prepayment” means any payment applied towards the prepayment of the Series 2025A Installment Payments, in whole or in part, pursuant to Article IV of the Series 2025A Installment Sale Agreement.

“Principal Amount” means the aggregate authorized principal amount of the Series 2025A Bonds which is \$7,000,000.

“Principal Component Payment” means each principal portion of each Series 2025A Installment Payment made pursuant to Section 2.03 hereof.

“Series 2025A Principal Fund” means the fund by that name established in Section 5.04 herein.

“Principal Payment Date” means April 1 of each year, commencing with April 1, 2026, and ending on April 1, 2065.

“Proceeds” when used with reference to the Series 2025A Bonds, means the face amount of the Series 2025A Bonds, plus accrued interest and premium, if any, and less original issue discount, if any.

“Series 2025A Project” means the improvements to the Wastewater System described in Exhibit A to the Series 2025A Installment Sale Agreement.

“Rating Category” means, with respect to any Permitted Investment, one or more of the generic categories of rating by S&P applicable to such Permitted Investment, without regard to any refinement or gradation of such rating category by a plus or minus sign.

“Series 2025A Redemption Account” means the account by that name established by the City pursuant to Section 4.3b(3) of the 2023 Financing Agreement.

“Regular Record Date” means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

“Series 2025A Reserve Fund” means the fund of that name established under Article VI of this Series 2025A Trust Agreement and held by the Trust Administrator.

“Series 2025A Reserve Installment Payments” means the amount required to be paid by the City to the Trust Administrator from Net Revenues pursuant to Section 3.11 of the Series 2025A Installment Sale Agreement, and which shall be applied to the Series 2025A Reserve Fund as set forth in Sections 6.01 through 6.06 herein.

“Series 2025A Reserve Requirement” means an amount required pursuant to Section 3.11 of the Series 2025A Installment Sale Agreement.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw-Hill, Inc., New York, New York, or its successors.

“Short-Lived Assets Series 2025A Reserve Fund” means the fund by that name established and maintained pursuant to Section 6.07 herein.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the Series 2025A Installment Payments.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Series 2025A Installment Sale Agreement or this Series 2025A Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Tax Code.

“Term of the Series 2025A Installment Sale Agreement” means the time during which the Series 2025A Installment Sale Agreement is in effect which begins on the Closing Date and ends on April 1, 2065, unless sooner terminated pursuant to the terms of the Series 2025A Installment Sale Agreement.

“Trust Administrator” means the City Manager of the City, or any successor thereto, acting as Trust Administrator pursuant to this Series 2025A Trust Agreement.

“Series 2025A Trust Agreement” means this Series 2025A Trust Agreement, dated as of September 1, 2025, by and among the Trust Administrator, the Authority and the City, together with any amendments or supplements thereto permitted to be made thereunder.

“Series 2025B Trust Agreement” means the Series 2025B Trust Agreement, dated as of September 1, 2025, by and among the Trust Administrator, the Authority and the City, together with any amendments or supplements thereto permitted to be made thereunder.

“Trust Office” means the office of the Trust Administrator at the offices of the City in San Juan Bautista, California, or at such other address designated by the Trust Administrator by written notice filed with the City and the Authority.

“Wastewater System” means, collectively, the whole and each and every part of the Wastewater System of the City, including all properties and assets, real and personal, tangible and intangible, of the

City, now or hereafter existing, used or pertaining to the collection, transmission, treatment and disposal of wastewater existing on the date hereof, and including sewage treatment plants, outfall, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, transmission or disposal of sewage, and any necessary lands, rights of way and other real or personal property useful in connection therewith, and all additions, extensions, expansions, improvements and betterments thereto and equipments thereof; provided, that to the extent the City is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described Wastewater System purposes, only the City's ownership, leasehold, easement or other interest in such asset or property or only the part of the asset or property so used for Wastewater System purposes shall be considered to be part of the Wastewater System.

“*Written Certificate*” of the City means a written certificate signed in the name of the City by a City Representative as contemplated by and containing the elements required by Section 1.03 of this Series 2025A Trust Agreement and Section 1.03 of the Series 2025A Installment Sale Agreement.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Series 2025A Trust Agreement, and has taken all actions necessary to authorize the execution of this Series 2025A Trust Agreement by the officers and persons signing it.

Section 1.03. Content of Written Certificates.

(a) **Contents.** Every Written Certificate provided for in this Series 2025A Trust Agreement with respect to compliance with any provision hereof, except Written Certificates delivered on the Closing Date and the certificate of destruction pursuant to Section 14.07, shall include (a) a statement that the person making or giving such Written Certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Written Certificate is based; (c) 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; (d) a statement of the assumptions upon which such Written Certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

(b) **Reliance.** Any such Written Certificate made or given by a City Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such City Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such Written Certificate may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City, as the case may be) upon a certificate or opinion of or representation by a City Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same City Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Series 2025A Trust Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.04. Exhibits. The following Exhibits are attached to, and by this reference are made a part of, this Series 2025A Trust Agreement: Exhibit A (Form of Series 2025A Bond).

**ARTICLE II
THE SERIES 2025A WASTEWATER REVENUE BONDS**

Section 2.01. Authorization. The Trust Administrator is hereby authorized and directed upon written request from either the City or the Authority to execute and deliver, to the Original Purchaser, a single Series 2025A Bond in the Principal Amount evidencing undivided fractional interests in the Series 2025A Installment Payments and the Prepayments. The aggregate principal amount of the Series 2025A Bonds shall not in any case exceed the aggregate payments by the Original Purchaser therefor, as such payments and the dates thereof are endorsed on the single, fully registered Series 2025A Bond. No provision is made for the Series 2025A Bonds to be executed and delivered in blocks or phases as the Original Purchaser’s regulations for single delivery have been satisfactorily met.

Section 2.02. Date. Each Series 2025A Bond shall be dated as of the date of delivery thereof.

Section 2.03. Principal; Interest; Maturity. The Series 2025A Bonds shall mature on April 1 in the years and in the principal amounts as shown below (each, a “Principal Component Payment”). Interest with respect thereto shall be computed at the Interest Rate of 2.750% per annum, calculated on the basis of a 365-day year.

The annual Principal Component Payments are as follows:

<u>Maturity Date</u>	<u>Principal Due</u>	<u>Maturity Date</u>	<u>Principal Due</u>
04/1/2026	\$150,000	04/1/2046	\$170,000
04/1/2027	100,000	04/1/2047	170,000
04/1/2028	105,000	04/1/2048	175,000
04/1/2029	105,000	04/1/2049	180,000
04/1/2030	110,000	04/1/2050	185,000
04/1/2031	110,000	04/1/2051	190,000
04/1/2032	115,000	04/1/2052	195,000
04/1/2033	120,000	04/1/2053	205,000
04/1/2034	120,000	04/1/2054	210,000
04/1/2035	125,000	04/1/2055	215,000
04/1/2036	130,000	04/1/2056	220,000
04/1/2037	130,000	04/1/2057	225,000
04/1/2038	135,000	04/1/2058	230,000
04/1/2039	140,000	04/1/2059	240,000
04/1/2040	145,000	04/1/2060	245,000
04/1/2041	145,000	04/1/2061	250,000
04/1/2042	150,000	04/1/2062	260,000
04/1/2043	155,000	04/1/2063	265,000
04/1/2044	160,000	04/1/2064	275,000
04/1/2045	165,000	04/1/2065	280,000

Section 2.04. Interest. The interest evidenced and represented by the Series 2025A Bonds shall be payable on April 1 and October 1 of each year (each, an “Interest Payment Date”), commencing on April 1, 2026 and continuing to and including the Series 2025A Bond Maturity Date or upon prepayment prior thereto, and shall evidence and represent the sum of the portions of the Series 2025A Installment Payments designated as interest components (each, an “Interest Component Payment”) coming due on the Interest Payment Dates during the interest period immediately preceding each of the Interest Payment Dates. Interest shall be calculated with respect to the Original Purchaser’s aggregate payments for the single Series 2025A Bond from the respective date(s) of advances thereof, as such payments and dates thereof are endorsed on the single Series 2025A Bond and computed on the basis of a 365-day year (and actual days elapsed). Each Interest Component Payment shall be computed by multiplying the portion of Series 2025A Installment Payments designated as principal with respect to such Series 2025A Bond by the rate of interest applicable to such Series 2025A Bond.

Interest on any Series 2025A Bond shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless (i) such Series 2025A Bond is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) such Series 2025A Bond is executed after the close of business on the fifteenth (15th) day of the month immediately preceding the following Interest Payment Date and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) such Series 2025A Bond is executed on or before March 15, 2026, in which event interest shall be payable from the date of delivery thereof; provided, however, that if at the time of execution of any Series 2025A Bond, interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payment of interest with respect to any Series 2025A Bond shall be made to the person appearing on the Series 2025A Bond Register of the Trust Administrator as the Owner thereof as of the fifteenth (15th) day of the month preceding such Interest Payment Date, such interest to be paid as specified in Section 2.09 hereof.

Section 2.05. Form of Series 2025A Bond; Legends. The Series 2025A Bonds shall be delivered in the form of a fully registered Series 2025A Bond, without coupons, in the Denomination Amount or any integral multiple thereof, except that one annual amount may be any odd amount, and no Series 2025A Bond may have principal maturing in more than one year. The Series 2025A Bonds shall be numbered in such manner as the Trust Administrator deems appropriate. At the option of the Original Purchaser of the Series 2025A Bonds, a single, fully-registered Series 2025A Bond may be executed and delivered, in lieu of serial, registered Series 2025A Bonds, which single Series 2025A Bond shall mature in installments of the same principal amounts and on the same dates as the registered Series 2025A Bonds it represents. The single Series 2025A Bond shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein. The Series 2025A Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Series 2025A Trust Agreement as may be necessary or desirable to comply with custom, or otherwise.

Section 2.06. Execution and Authentication. The Series 2025A Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signature of its Chair, Vice Chair or Treasurer, and shall be delivered to the Trust Administrator for authentication. In case any officer of the Authority who shall have signed any of the Series 2025A Bonds shall cease to be such officer before the Series 2025A Bonds so signed shall have been authenticated or delivered by the Trust Administrator or issued by the

Authority, such Series 2025A Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority.

Only such of the Series 2025A Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually or by facsimile signature authenticated on behalf of the Trust Administrator, shall be valid or obligatory for any purpose or entitled to the benefits of this Series 2025A Trust Agreement, and such certificate of the Trust Administrator shall be conclusive evidence that the Series 2025A Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Series 2025A Trust Agreement.

Section 2.07. Transfer and Exchange. The following shall apply to transfers and exchanges of Series 2025A Bonds, provided that no transfer or exchange of Series 2025A Bonds shall be required to be made during the fifteen (15) days prior to the date of selection of Series 2025A Bonds for prepayment, or of any Series 2025A Bond selected for prepayment:

(a) **Transfer of Series 2025A Bonds.** Any Series 2025A Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.11 hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2025A Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trust Administrator, duly executed. Whenever any Series 2025A Bond shall be surrendered for transfer, the Trust Administrator shall deliver a new Series 2025A Bond or Series 2025A Bonds of the same maturity, interest rate and aggregate principal amount in authorized denominations to the transferee thereof. The Trust Administrator may require the payment by the Series 2025A Bond Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(b) **Exchange of Series 2025A Bonds.** Any Series 2025A Bond may be exchanged at the Trust Office, for a like aggregate principal amount of Series 2025A Bonds of other authorized denominations of the same maturity. The Trust Administrator may require the payment by the Series 2025A Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Notwithstanding anything herein or elsewhere to the contrary, there shall be not any transfers or exchanges while Government is owner, unless requested by the Government.

Section 2.08. Series 2025A Bond Mutilated, Lost, Destroyed or Stolen. If any Series 2025A Bond shall become mutilated, the Trust Administrator, at the expense of the Owner of said Series 2025A Bond, shall execute and deliver a new Series 2025A Bond of like maturity and principal amount in authorized denominations in exchange and substitution for the Series 2025A Bond so mutilated, but only upon surrender to the Trust Administrator of the Series 2025A Bond so mutilated. Every mutilated Series 2025A Bond so surrendered to the Trust Administrator shall be canceled by it and destroyed in accordance with Section 14.07 hereof, and the Trust Administrator shall deliver a certificate of destruction to the City. If any Series 2025A Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trust Administrator and, if such evidence is satisfactory to the Trust Administrator and if an indemnity satisfactory to the Trust Administrator and the Authority shall be given, the Trust Administrator, at the expense of the Series 2025A Bond Owner, shall execute and deliver a new Series

2025A Bond of like tenor and maturity and numbered as the Trust Administrator shall determine in lieu of and in substitution for the Series 2025A Bond so lost, destroyed or stolen. The Trust Administrator may require payment of an appropriate fee for each new Series 2025A Bond delivered under this Section 2.08 and of the expenses which may be incurred by the Trust Administrator in carrying out the duties under this Section 2.08. Any Series 2025A Bond delivered under the provisions of this Section 2.08 in lieu of any Series 2025A Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Series 2025A Trust Agreement with all other Series 2025A Bond secured by this Series 2025A Trust Agreement. The Trust Administrator shall not be required to treat both the original Series 2025A Bond and any substitute Series 2025A Bond as being Outstanding for the purpose of determining the principal amount of Series 2025A Bond which may be executed and delivered hereunder or for the purpose of determining any percentage of Series 2025A Bond Outstanding hereunder; the Trust Administrator shall consider only the substitute Series 2025A Bond as Outstanding for such purpose. Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Series 2025A Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trust Administrator may make payment with respect to such Series 2025A Bond upon receipt of indemnity satisfactory to the Trust Administrator.

Section 2.09. Payment. Except as otherwise provided herein, payment of interest due with respect to any Series 2025A Bond on any Interest Payment Date shall be made to the person appearing on the Series 2025A Bond Register as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his address as it appears on the Series 2025A Bond Register as of such Regular Record Date. The principal and prepayment price with respect to a Series 2025A Bond at maturity or upon prior prepayment shall be payable by check denominated in lawful money of the United States of America upon surrender of the Series 2025A Bond at the Trust Office. If the Government is the Owner of the single, fully-registered Series 2025A Bond, surrender shall not be required for payment, except for final payment, and payment of principal shall be made on each Principal Payment Date and payment of interest shall be made on each Interest Payment Date to the Registered Owner, unless otherwise requested by the Registered Owner, by the Pre-Authorized Debit (PAD) payment process (i.e., the City's payments shall be electronically debited from the Series 2025A Installment Payment Fund on each Interest Payment Date in accordance with the PAD process established by Form SF-5510 and Form RD 3550-28, both entitled "Authorization Agreement for Pre-Authorized Payments").

Section 2.10. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Series 2025A Trust Agreement to be signed or executed by Series 2025A Bond Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Series 2025A Bond. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Series 2025A Bonds shall be sufficient for any purpose of this Series 2025A Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or such Owner's attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons

signing such instruments acknowledged before such notary or officer the execution thereof. Where any such instrument is executed by an officer of a Authority or association or a member of a partnership on behalf of such Authority, association or partnership, such certificate shall also constitute sufficient proof of the authority of such officer or member.

(b) The fact of the holding of a Series 2025A Bond by any Owner and the amount, the maturity and the numbers of such Series 2025A Bond and the date of the Owner's holding the same may be proved by reference to the Series 2025A Bond Register maintained by the Trust Administrator provided for in Section 2.11 hereof. The Trust Administrator may conclusively assume that such ownership continues until transfer as provided in Section 2.07(a) hereof.

(c) Nothing contained in this Article II shall be construed as limiting the Trust Administrator to such proof, it being intended that the Trust Administrator may accept any other evidence of the matters herein stated which the Trust Administrator may deem sufficient. Any request or consent of the Owner of any Series 2025A Bond shall bind every future Owner of the same Series 2025A Bond in respect of anything done or suffered to be done by the Trust Administrator in pursuance of such request or consent.

Section 2.11. Series 2025A Bond Register. The Trust Administrator will keep or cause to be kept, at the Trust Office, sufficient books for the registration and transfer of the Series 2025A Bonds which shall be open at all reasonable times with reasonable prior notice during normal business hours of the Trust Administrator to inspection by the City and the Authority; and, upon presentation for such purpose, the Trust Administrator shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series 2025A Bonds as hereinbefore provided.

Section 2.12. CUSIP Numbers. The Trust Administrator, the City and the Authority shall not be liable for any defect or inaccuracy in any CUSIP number that appears on any Series 2025A Bond or in any prepayment notice. The Trust Administrator may, in its discretion, include in any prepayment notice a statement to the effect that any CUSIP numbers on the Series 2025A Bond have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trust Administrator, the City nor the Authority shall be liable for any inaccuracies in such numbers. CUSIP numbers shall not be required if the Government is the Original Purchaser of a single, fully registered Series 2025A Bond.

ARTICLE III SERIES 2025A REDEMPTION ACCOUNT

Section 3.01. Series 2025A Redemption Account. The City has heretofore established the Series 2025A Redemption Account and shall continue to keep such fund separate and apart from all other funds and moneys held by the City; and shall administer such account as provided herein. There shall be deposited in the Series 2025A Redemption Account all of the proceeds of sale of the Series 2025A Bonds (other than the Delivery Costs).

Section 3.02. Prepayment of the 2023 Notes.

(a) Except as provided in subsection (b) below and in Section 3.03, amounts in the Series 2025A Redemption Account shall be disbursed in accordance with the Payment Instructions. Disbursements from the Series 2025A Redemption Account shall be made by the City immediately upon receipt of the proceeds of sale of the Series 2025A Bonds to USDA as the Original Purchaser of the Series 2025A Bonds.

(b) The City shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Series 2025A Redemption Account and the payment thereof in accordance with this Section 3.02.

Section 3.03. Payment of Delivery Costs. The City shall be responsible for the payment of all Delivery Costs upon receipt of each sequentially numbered requisition, with bills, invoices or statements attached, signed by a City Representative setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the name and address of the person or persons to whom said amounts are to be disbursed.

ARTICLE IV PREPAYMENT OF SERIES 2025A BONDS

Section 4.01. Prepayment.

(a) **Generally.** The Series 2025A Bonds shall not be subject to prepayment prior to maturity, except in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

(b) **Prepayment from Net Proceeds of Insurance and Condemnation and from Unexpended Proceeds.** The Series 2025A Bonds are subject to prepayment in whole on any date and in part on any Interest Payment Date from the (i) Net Proceeds of any insurance or condemnation award and (ii) Unexpended Proceeds, which are, in either case deposited in the Series 2025A Installment Payment Fund and credited towards the prepayment made by the City pursuant to Section 4.03 of the Series 2025A Installment Sale Agreement, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium.

(c) **Optional Prepayment.** In addition, the Series 2025A Bonds are subject to prepayment in whole or in part at any time, at the principal amount with respect thereto, without premium, and with accrued interest to the date fixed for prepayment from the proceeds of optional prepayments made by the City pursuant to the Series 2025A Installment Sale Agreement:

Section 4.02. Selection of Series 2025A Bonds for Prepayment. Whenever provision is made in this Series 2025A Trust Agreement for the prepayment of Series 2025A Bonds and less than all Outstanding Series 2025A Bonds are called for prepayment, the Trust Administrator shall select Series 2025A Bonds for prepayment in inverse order of maturity, unless otherwise requested by City and agreed to by Original Purchaser in its reasonable discretion, as long as the Original Purchaser is the sole owner of all then Outstanding 2025A Bonds. The Trust Administrator shall promptly notify the City and the Authority in

writing of the Series 2025A Bonds so selected for prepayment, and the City or the Authority shall immediately thereafter revise Exhibit B of the Series 2025A Installment Sale Agreement to reflect such prepayment and shall be and become for all purposes thereafter the “Amended Exhibit B to the Series 2025A Installment Sale Agreement.”

Section 4.03. Notice of Prepayment.

(a) General. Notice of any such prepayment shall be given by the Trust Administrator on behalf and at the expense of the City by mailing a copy of a prepayment notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for prepayment to such Owner of the Series 2025A Bond or Series 2025A Bonds to be redeemed at the address shown on the Series 2025A Bond Register maintained by the Trust Administrator; provided, however, that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the prepayment of the Series 2025A Bonds.

(b) Contents. All notices of prepayment shall be dated and shall state: (i) the prepayment date, (ii) the prepayment price, (iii) if less than all Outstanding Series 2025A Bonds are to be prepaid, the identification (and, in the case of partial prepayment, the respective principal amounts) of the Series 2025A Bonds to be prepaid, (iv) that on the prepayment date the prepayment price will become due and payable with respect to each such Series 2025A Bond or portion thereof called for prepayment, and that interest with respect thereto shall cease to accrue from and after said date, (v) the place where such Series 2025A Bonds are to be surrendered for payment of the prepayment price, which place of payment shall be the Trust Office.

(c) Deposit. Prior to the mailing of any prepayment notice (other than a prepayment notice relating to Series 2025A Bonds that are to be refunded with the proceeds of refunding Series 2025A Bonds or other refunding obligations), the City shall deposit, or cause to be deposited, with the Trust Administrator an amount of money sufficient to pay the prepayment price of all the Series 2025A Bonds or portions of Series 2025A Bonds which are to be prepaid on the applicable prepayment date. In the case of a prepayment notice relating to Series 2025A Bonds that are to be refunded, the City shall deposit, or cause to be deposited, with the Trust Administrator on or prior to the applicable prepayment date, an amount of money sufficient to pay the prepayment price of all the Series 2025A Bonds or portions of Series 2025A Bonds which are to be prepaid on such prepayment date.

(d) Prepayment. Notice of prepayment having been given as aforesaid, the Series 2025A Bonds or portions of Series 2025A Bonds so to be redeemed shall, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date (so long as the City makes full payment of the prepayment price) interest with respect to such Series 2025A Bonds or portions of Series 2025A Bonds shall cease to be payable. Upon surrender of such Series 2025A Bonds for prepayment in accordance with said notice, such Series 2025A Bonds shall be paid by the Trust Administrator at the prepayment price. Installments of interest due on or prior to the prepayment date shall be payable as herein provided for payment of interest. Upon surrender for any partial prepayment of any Series 2025A Bond, there shall be executed and delivered for the Owner a new Series 2025A Bond or Series 2025A Bonds of the same maturity in the amount of the unprepaid principal. All Series 2025A Bonds which have been prepaid shall be canceled by the Trust Administrator, shall not be reissued, and shall be destroyed pursuant to Section 14.07. If the

Government is the Owner, prepayment shall be endorsed on the single, fully registered Series 2025A Bond registered to the Government.

(e) **CUSIP.** The Trust Administrator shall have no responsibility for a defect in any CUSIP number that appears on any Series 2025A Bond or in the prepayment notice. The prepayment notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Series 2025A Bond Owners and that the Trust Administrator and the City shall not be liable in any way for inaccuracies in said numbers.

Section 4.04. Partial Prepayment of Series 2025A Bonds. Upon surrender of any Series 2025A Bond prepaid in part only, the Trust Administrator shall execute and deliver to the Owner thereof, at the expense of the City, a new Series 2025A Bond or Series 2025A Bonds of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Series 2025A Bond surrendered and of the same interest rate and the same maturity.

Section 4.05. Effect of Notice of Prepayment. After notice has been given and the moneys for the prepayment, including interest to the applicable Interest Payment Date and premium, if any, having been set aside in the Series 2025A Installment Payment Fund, the Series 2025A Bond to be redeemed shall become due and payable on the Interest Payment Date, and, upon presentation and surrender thereof at the Trust Office specified in such notice, such Series 2025A Bond shall be paid at the unpaid principal amount with respect thereto, and any unpaid and accrued interest to the Interest Payment Date.

If, on the Interest Payment Date, moneys for the prepayment of all of the principal of the Series 2025A Bond to be prepaid, together with interest to such Interest Payment Date, shall be held by the Trust Administrator so as to be available therefor on such Interest Payment Date, and, if notice of prepayment thereof shall have been given, then, from and after such Interest Payment Date, interest with respect to the Series 2025A Bond to be prepaid shall cease to accrue and become payable. If such moneys shall not be so available on the Interest Payment Date, interest with respect to such Series 2025A Bond shall continue to be payable at the same rates as it would have been payable had the Series 2025A Bond not been called for prepayment. All moneys held by or on behalf of the Trust Administrator for the prepayment of a particular Series 2025A Bond shall be held in trust for the account of the Owner of the Series 2025A Bond so to be prepaid. The Trust Administrator shall not be liable for any interest earned on the amounts so held.

Section 4.06. Purchase of Series 2025A Bonds. In lieu of prepayment of Series 2025A Bonds as provided in this Article IV, amounts held by the Trust Administrator for such prepayment may also be used on any Interest Payment Date, upon receipt by the Trust Administrator at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of a City Representative, for the purchase of Series 2025A Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the prepayment price which would be payable if such Series 2025A Bonds were prepaid; *provided, however*, that no Series 2025A Bond shall be purchased in lieu of prepayment with a trade settlement date less than seventy-five (75) days prior to the relevant prepayment date. The aggregate principal number of Series 2025A Bonds of the same maturity purchased in lieu of prepayment pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Series 2025A Bonds of such maturity which would otherwise be subject to such prepayment. Remaining moneys, if any, shall be deposited in the Series 2025A Installment Payment Fund.

ARTICLE V

SERIES 2025A INSTALLMENT PAYMENTS; SERIES 2025A INSTALLMENT PAYMENT FUND

Section 5.01. Assignment of Rights in Series 2025A Installment Sale Agreement. The Authority has, pursuant to the Series 2025A Assignment Agreement, transferred, assigned and set over to the Trust Administrator all of its rights, title and interest in the Series 2025A Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including but not limited to all of the Authority's rights to receive and collect all of the Series 2025A Installment Payments, any Prepayment and all other amounts required to be deposited in the Series 2025A Installment Payment Fund pursuant to the Series 2025A Installment Sale Agreement or pursuant hereto. All Series 2025A Installment Payments, any Prepayment and such other amounts which the Authority may at any time be entitled, shall be paid directly to the Trust Administrator and, in the event of the receipt or collection of Series 2025A Installment Payments by the Authority, such payments shall be deemed to be held or to have been collected or received by the Authority as agent of the Trust Administrator.

Section 5.02. Establishment of Series 2025A Installment Payment Fund. The Trust Administrator shall establish the Series 2025A Installment Payment Fund. All moneys at any time deposited by the Trust Administrator in the Series 2025A Installment Payment Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Series 2025A Bonds. So long as any Series 2025A Bonds are Outstanding, neither the City nor the Authority shall have any beneficial right or interest in the Series 2025A Installment Payment Fund or the moneys deposited therein, except only as provided in this Series 2025A Trust Agreement, and such moneys shall be used and applied by the Trust Administrator as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Series 2025A Installment Payment Fund all Series 2025A Installment Payments, Series 2025A Reserve Installment Payments and Prepayments received by the Trust Administrator, including any moneys received by the Trust Administrator for deposit therein pursuant to Sections 4.01, 5.05, 6.02, hereof or Article IV of the Series 2025A Installment Sale Agreement, and any other moneys required to be deposited therein pursuant to the Series 2025A Installment Sale Agreement or pursuant to this Series 2025A Trust Agreement.

Section 5.04. Application of Moneys in the Series 2025A Installment Payment Fund. All amounts in the Series 2025A Installment Payment Fund shall be used to (i) pay any billed delinquent interest, (ii) pay any past due interest installments, (iii) pay any past due principal installments, and (iv) to deposit in the following respective funds (each of which is hereby created and each of which the Trust Administrator, the Authority or the City hereby covenants and agrees to cause to be maintained so long as any Series 2025A Bonds are Outstanding) at the following times and in the following order of priority, and the moneys in each of such funds shall be applied, used and withdrawn only for the purposes and uses hereinafter authorized.

- (1) Series 2025A Interest Fund;
- (2) Series 2025A Principal Fund;
- (3) Series 2025A Reserve Fund; and

(4) Short-Lived Assets Series 2025A Reserve Fund.

(a) **Series 2025A Interest Fund.** The Trust Administrator shall transfer from the Series 2025A Installment Payment Fund and deposit in the Series 2025A Interest Fund for receipt before April 1 and October 1 of each year (each, an “Interest Payment Date”), beginning on April 1, 2026, an amount of money from the Series 2025A Installment Payment Fund which is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Series 2025A Bonds on such Interest Payment Date. No deposit need be made into the Series 2025A Interest Fund if the amount contained therein is at least equal to the amount of the interest becoming due and payable on all Outstanding Series 2025A Bonds on such Interest Payment Date. All money in the Series 2025A Interest Fund shall be used and withdrawn by the Trust Administrator solely for the purpose of paying the interest on the Outstanding Series 2025A Bonds; provided that any earnings on deposit in the Series 2025A Interest Fund after payment of interest on Series 2025A Bonds on an Interest Payment Date shall be transferred to the Series 2025A Installment Payment Fund.

(b) **Series 2025A Principal Fund.** The Trust Administrator shall deposit in the Series 2025A Principal Fund before April 1 of each year, an amount of money from the Series 2025A Installment Payment Fund equal to the Principal Component Payment payable on such Principal Payment Date. All money in the Series 2025A Principal Fund shall be used by the Trust Administrator to pay or purchase the Series 2025A Bonds in accordance with Article IV hereof; provided that any earnings on deposit in the Series 2025A Principal Fund after payment of Principal Component Payment of the Series 2025A Bonds on a Principal Payment Date shall be transferred to the Series 2025A Installment Payment Fund.

(c) **Series 2025A Reserve Fund.** All moneys at any time on deposit in the Series 2025A Reserve Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Series 2025A Bonds, and applied solely as provided in Article VI herein.

(d) **Short-Lived Assets Series 2025A Reserve Fund.** All moneys at any time on deposit in the Short-Lived Assets Series 2025A Reserve Fund shall be held by the Trust Administrator, and applied solely as provided in Article VI herein.

Section 5.05. Surplus. Any surplus remaining in the Series 2025A Installment Payment Fund, after payment of all Series 2025A Bonds after each Principal Payment Date, and accrued interest (if any) and payment of any applicable fees, costs and expenses to the Trust Administrator, or provision for such prepayment or payment having been made to the satisfaction of the Trust Administrator, shall be withdrawn by the Trust Administrator and remitted to the City.

ARTICLE VI SERIES 2025A RESERVE FUNDS

Section 6.01. Establishment of Series 2025A Reserve Fund. The Trust Administrator shall establish the Series 2025A Reserve Fund and shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator. All moneys at any time on deposit in the Series 2025A Reserve Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Series 2025A Bonds, and applied solely as provided herein.

Section 6.02. Deposits. There shall be deposited in the Series 2025A Reserve Fund the amounts specified in Section 3.11 of the Series 2025A Installment Sale Agreement.

Section 6.03. Transfers. The Trust Administrator shall, on or before each April 1 and October 1, transfer any moneys in the Series 2025A Reserve Fund in excess of the Series 2025A Reserve Requirement as provided in Section 8.03 hereof.

Section 6.04. Application in Event of Deficiency in the Series 2025A Installment Payment Fund. If, on any Interest Payment Date, the moneys available in the Series 2025A Installment Payment Fund do not equal the amount of the principal, interest and prepayment premium (if any) with respect to the Series 2025A Bonds then coming due and payable, with prior written concurrence from the Government first had and obtained, the Trust Administrator shall apply the moneys available in the Series 2025A Reserve Fund to make delinquent Series 2025A Installment Payments on behalf of the City and transfer the amount necessary for this purpose to the Series 2025A Installment Payment Fund. Upon receipt of any delinquent Series 2025A Installment Payment with respect to which moneys have been advanced from the Series 2025A Reserve Fund such Series 2025A Installment Payment shall be deposited in the Series 2025A Reserve Fund to the extent of such advance.

Section 6.05. Transfer to Make All Series 2025A Installment Payments. If on any Series 2025A Installment Payment Date, the moneys on hand in the Series 2025A Reserve Fund and the Series 2025A Installment Payment Fund are sufficient to pay all Outstanding Series 2025A Bonds, including all principal and interest the Trust Administrator shall, upon the written direction of a City Representative, accompanied by all amounts then on hand in the Series 2025A Reserve Fund, deposit such funds in the Series 2025A Installment Payment Fund to be applied to the payment of the Series 2025A Installment Payments or Prepayments on behalf of the City, and such moneys shall be distributed to the Owners of the Series 2025A Bonds in accordance with Article II and Article IV of this Series 2025A Trust Agreement.

Section 6.06. Replenishment of Series 2025A Reserve Fund. The City shall maintain or cause to be maintained in the Series 2025A Reserve Fund an amount equal to the amounts required to be deposited therein pursuant to Section 3.11 of the Series 2025A Installment Sale Agreement, and thereafter the amount of the Series 2025A Reserve Requirement. If, on any date of computation, amounts on hand in the Series 2025A Reserve Fund are less than such required amounts because of a transfer therefrom made in accordance with Section 6.04 hereof, the City shall pay to the Trust Administrator, within one (1) year from the date of such deficiency, an amount necessary to bring the amounts on deposit in the Series 2025A Reserve Fund to the amount required to be maintained therein; provided, however, that the period of time permitted herein for the replenishment of the Series 2025A Reserve Fund by the City shall not affect any other provision of this Series 2025A Trust Agreement.

Section 6.07. Establishment and Application of Short-Lived Assets Series 2025A Reserve Fund. The Trust Administrator shall establish and maintain a separate “Short-Lived Assets Series 2025A Reserve Fund” as a special reserve fund for repair and/or replacement of short-lived assets of the Wastewater System, and shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator.

The Short-Lived Assets Series 2025A Reserve Fund shall be administered in accordance with Section 3.12 of the Series 2025A Installment Sale Agreement.

Upon the redemption in full of all outstanding Series 2025A Bonds, the City shall close the Short-Lived Assets Series 2025A Reserve Fund and the balance therein shall be released to the City and used for any legally permissible purpose of the Wastewater System.

ARTICLE VII INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN

Section 7.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award. Any Net Proceeds of insurance against accident to or destruction of any structure constituting any part of the Series 2025A Project collected by the City in the event of any such accident or destruction shall be transferred by the City to the Trust Administrator pursuant to Section 5.07 of the Series 2025A Installment Sale Agreement and the Trust Administrator shall deposit such moneys in a special fund designated as the “Insurance and Condemnation Fund” to be applied and disbursed by the Trust Administrator as provided in Section 5.07(a) of the Series 2025A Installment Sale Agreement.

Section 7.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Series 2025A Project shall be taken by eminent domain (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be transferred by the City to the Trust Administrator for deposit in the Insurance and Condemnation Fund pursuant to Section 5.07(b) of the Series 2025A Installment Sale Agreement and shall be applied and disbursed by the Trust Administrator as follows:

(a) If the City determines that such eminent domain proceedings have not materially affected the operation of the Series 2025A Project, or the ability of the City to meet any of its obligations under the Series 2025A Installment Sale Agreement, and if the City determines that such proceeds are: (i) not needed for repair, replacement or rehabilitation of the Series 2025A Project, upon receipt of a Written Certificate from the City the Trust Administrator shall transfer such proceeds to the Series 2025A Installment Payment Fund to be credited towards the prepayments required to be paid pursuant to Section 4.03 of the Series 2025A Installment Sale Agreement and applied to the prepayment of Series 2025A Bonds in the manner provided in Article IV hereof, or (ii) needed for repair or rehabilitation of the Series 2025A Project, upon receipt of a Written Certificate from the City the Trust Administrator shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation, upon the filing of requisitions of the City Representative.

(b) If (i) less than all of the Series 2025A Project shall have been taken in such eminent domain proceedings, and if the City determines that such eminent domain proceedings have materially affected the operation of the Series 2025A Project or the ability of the City to meet any of its obligations under the Series 2025A Installment Sale Agreement or (ii) all of the Series 2025A Project shall have been taken in such eminent domain proceedings, then upon receipt of written instruction from the City the Trust Administrator shall transfer such proceeds to the Series 2025A Installment Payment Fund to be credited toward the prepayment required to be paid pursuant to Section 4.03 of the Series 2025A Installment Sale Agreement and applied to the prepayment of Series 2025A Bonds in the manner provided in Article IV hereof.

Section 7.03. Excess Net Proceeds. After all of the Series 2025A Bonds have been retired and the entire amount of principal and interest with respect to the Series 2025A Bonds and any remaining fees and expenses of the Trust Administrator have been paid in full, the Trust Administrator shall transfer any remaining funds to the City.

Section 7.04. Cooperation. The Authority shall cooperate with the City at the expense of the City in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Series 2025A Installment Sale Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Series 2025A Project or any part thereof.

ARTICLE VIII MONEYS IN FUNDS; INVESTMENT

Section 8.01. Held in Trust. The moneys and investments held by the Trust Administrator under this Series 2025A Trust Agreement, except for those held in the Series 2025A Redemption Account, are irrevocably held in trust for the benefit of the Owner(s) of the Series 2025A Bonds, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Series 2025A Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either the Authority, the Trust Administrator or the City or any Owner of a Series 2025A Bond, or any of them until after the Series 2025A Bonds have been paid in full.

Section 8.02. Investments Authorized. Moneys held by the Trust Administrator hereunder shall be invested and reinvested by the Trust Administrator, to the maximum extent practicable, in Permitted Investments. Unless otherwise directed, the Trust Administrator shall invest the affected moneys in Permitted Investments described in paragraph (vii) of the definition thereof. A City Representative may, by written order filed with the Trust Administrator, direct investment of moneys held by the Trust Administrator in specific Permitted Investments. Investments purchased with moneys on deposit in the Series 2025A Reserve Fund shall have a term not greater than five years. Investments, if registrable, shall be registered in the name of and held by the Trust Administrator or the Trust Administrator's nominee. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trust Administrator may act as principal or agent in the making or disposing of any investment. The Trust Administrator shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Article VIII. The Trust Administrator shall be entitled to rely conclusively upon the written instructions of a City Representative directing investments as to the fact that each investment is permitted by the laws of the State and constitutes a Permitted Investment hereunder, and the Trust Administrator shall not be required to make further investigation with respect thereto. To the extent that any of the requirements concerning any Permitted Investment embodies a legal conclusion, the Trust Administrator shall be entitled to conclusively rely upon a Written Certificate or certificate from the appropriate party or an opinion of counsel to such party that such requirement has been met.

Section 8.03. Allocation of Earnings. All interest or income received by the Trust Administrator on investment of the Series 2025A Redemption Account and Series 2025A Installment Payment Fund shall, as received, be retained in the applicable fund. Amounts retained in the Series 2025A Installment Payment Fund pursuant to this Section 8.03 shall be applied as a credit against the Series 2025A Installment Payment due by the City pursuant to the Series 2025A Installment Sale Agreement on the Series 2025A Installment

Payment Date following the date of deposit. All interest or income received by the Trust Administrator on investment of the Series 2025A Reserve Fund shall be retained in the Series 2025A Reserve Fund in the event that amounts on deposit in the Series 2025A Reserve Fund are less than the Series 2025A Reserve Requirement. Pursuant to Section 6.03 hereof, in the event that amounts then on deposit in the Series 2025A Reserve Fund equal or exceed the Series 2025A Reserve Requirement, such excess shall be transferred to the Series 2025A Installment Payment Fund and shall be applied as a credit against the Series 2025A Installment Payment due by the City pursuant to the Series 2025A Installment Sale Agreement on the Series 2025A Installment Payment Date following the date of deposit. Transfers to the Series 2025A Installment Payment Fund from the Series 2025A Reserve Fund shall be made by the Trust Administrator on or prior to each Series 2025A Installment Payment Date.

Section 8.04. Accounting. The Trust Administrator shall furnish to the City a semi-annual accounting of all investments, transactions and disbursements made by the Trust Administrator.

Section 8.05. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 8.05, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Series 2025A Trust Agreement, or otherwise containing gross proceeds of the Series 2025A Bonds (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Series 2025A Trust Agreement or the Tax Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the Series 2025A Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Tax Code).

**ARTICLE IX
THE TRUST ADMINISTRATOR**

Section 9.01. Appointment of Trust Administrator. The Trust Administrator is hereby appointed by the Authority and the City for the purpose of receiving all moneys required to be deposited with the Trust Administrator hereunder and to allocate, use and apply the same as provided in this Series 2025A Trust Agreement.

(a) **General.** The Trust Administrator is hereby authorized to pay or redeem the Series 2025A Bonds when duly presented for payment at maturity, or on prepayment, and to cancel all Series 2025A Bonds upon payment thereof. The Trust Administrator shall keep accurate records of all funds administered by it and of all Series 2025A Bonds paid and discharged. The Trust Administrator shall be compensated for its services rendered pursuant to the provisions of this Series 2025A Trust Agreement and shall be reimbursed for costs and expenses, including attorney's fees, incurred in connection therewith, subject to the provisions of any written agreement between the Trust Administrator and the City.

(b) Successor. So long as no Event of Default shall have occurred and be continuing, the City may, with the written consent of the Owners, remove the Trust Administrator initially appointed, and any successor thereto, on thirty (30) days written notice and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company which shall be a corporation organized and doing business under the laws of any state, the City or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority, so long as any Series 2025B Bonds are Outstanding. If such corporation 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 Section 9.01 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trust Administrator shall not be effective until written acceptance of appointment by the successor Trust Administrator.

(c) Resignation. The Trust Administrator may at any time resign by giving written notice to Authority and the City and by providing notice by first class mail, postage prepaid, to the Owners at their addresses as shown on the Series 2025A Bond Register maintained by the Trust Administrator. Said mailing shall be made prior to the proposed effective date of resignation. Upon receiving such notice of resignation, the City, with the written consent of the Owners, shall promptly appoint a successor Trust Administrator by an instrument in writing; *provided, however*, that in the event that the City does not appoint a successor Trust Administrator within thirty (30) days following receipt of such notice of resignation, the Authority may appoint a successor Trust Administrator and in the event that Authority does not appoint such successor Trust Administrator, the resigning Trust Administrator, at the expense of the City, may petition any appropriate court having jurisdiction to appoint a successor Trust Administrator. Any resignation or removal of the Trust Administrator and appointment of a successor Trust Administrator shall become effective upon acceptance of appointment by the successor Trust Administrator and receipt by the Trust Administrator of any fees and expenses due and payable to it.

Section 9.02. Liability of Trust Administrator. The recitals of facts, covenants and agreements herein and in the Series 2025A Bonds contained shall be taken as statements, covenants and agreements of Authority and the City, and the Trust Administrator neither assumes any responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Series 2025A Trust Agreement or of the Series 2025A Bonds nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Series 2025A Bonds assigned to or imposed upon the Trust Administrator.

Section 9.03. Merger or Consolidation. Any company into which the Trust Administrator may be merged or converted or with which any of them may be consolidated or any company resulting from any merger, conversion or consolidation to which any of them shall be a party or any company to which the Trust Administrator may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 9.01, shall be the successor to the Trust Administrator without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.04. Protection and Rights of the Trust Administrator. The following provisions shall apply to the Trust Administrator in the event the Trust Administrator is not then an officer or employee of the City and shall also apply to the Trust Administrator in the event the Trust Administrator is then an officer or employee of the City, but only to the extent that such provisions do not conflict with such Trust Administrator's duties as a City officer or employee.

(a) **Good Faith.** The Trust Administrator shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Series 2025A Trust Agreement, and the Trust Administrator shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

(b) **Ownership Claims.** The Trust Administrator shall not be bound to recognize any person as an Owner of any Series 2025A Bond or to take any action at such Owner's request unless such Series 2025A Bond shall be deposited with the Trust Administrator or satisfactory evidence of the ownership of such Series 2025A Bond shall be furnished to the Trust Administrator.

(c) **Counsel.** The Trust Administrator may consult with counsel, who may be counsel to the City, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(d) **Proof.** Whenever in the administration of its duties under this Series 2025A Trust Agreement, the Trust Administrator shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the Written Certificate of the City Representative or Authority Representative and such Written Certificate shall be full warranty to the Trust Administrator for any action taken or suffered under the provisions of this Series 2025A Trust Agreement upon the faith thereof, but in its discretion the Trust Administrator may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(e) **Owner.** The Trust Administrator may become the Owner of Series 2025A Bonds with the same rights it would have if it were not Trust Administrator; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trust Administrator; and may act as a 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 Owners of Series 2025A Bonds, whether or not such committee shall represent the Owners of the majority in principal amount of the Series 2025A Bond then Outstanding.

(f) **Powers and Liability.** The Trust Administrator may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers,

and shall be entitled to advice of counsel concerning all matters of its duty hereunder, and the Trust Administrator shall not be liable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trust Administrator shall not be liable for the exercise of any discretion or power under this Series 2025A Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

(g) Limits of Liability. The Trust Administrator undertakes to perform such duties, and only such duties as are specifically set forth in this Series 2025A Trust Agreement and no implied duties or obligations shall be read into this Series 2025A Trust Agreement against the Trust Administrator. No provision in this Series 2025A Trust Agreement shall require the Trust Administrator to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. In accepting the duties hereby enumerated, the Trust Administrator acts solely as Trust Administrator for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the City or Authority having any claim against the Trust Administrator arising from this Series 2025A Trust Agreement shall look only to the funds and accounts held by the Trust Administrator hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trust Administrator be liable in its individual capacity for the obligations evidenced by the Series 2025A Bonds. The Trust Administrator shall not be liable in its individual capacity with respect to any action taken or omitted to be taken by the Trust Administrator in good faith in accordance with the written request of the Owners of the Series 2025A Bonds.

(h) No Representations. The Trust Administrator 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 City of the Series 2025A Project. In no event shall the Trust Administrator be liable for incidental, indirect, special or consequential damages in connection with or arising from the Series 2025A Installment Sale Agreement or the Series 2025A Trust Agreement for the existence, furnishing or use of the Series 2025A Project.

(i) Enforcement; Knowledge. The Trust Administrator shall not be responsible for the sufficiency or enforceability of the Series 2025A Installment Sale Agreement or the assignment under the Series 2025A Assignment Agreement of its rights to receive Series 2025A Installment Payments. The Trust Administrator shall not be deemed to have knowledge of any Event of Default hereunder or under the Series 2025A Installment Sale Agreement except failure by the City to make Series 2025A Installment Payments unless the Trust Administrator shall be specifically notified in writing of such Event of Default.

(j) Released and Unclaimed Funds. The Trust Administrator shall not be accountable for the use or application by the City or any other party of any funds which the Trust Administrator has released under this Series 2025A Trust Agreement. Subject to applicable escheat laws, any amounts unclaimed two (2) years after the final prepayment or maturity date of the Series 2025A Bond, whichever occurs first, shall be paid by the Trust Administrator to the City, and

thereafter, the Owner of any Series 2025A Bond remaining unpaid shall look to the City for the payment of such Series 2025A Bond.

Section 9.05. Appointment of Trust Administrator. In the event that an Event of Default shall occur or if it shall otherwise be necessary for the Trust Administrator to enforce payment of the Series 2025A Installment Payments, Prepayments or any other amount required to be deposited into the Series 2025A Installment Payment Fund or the Insurance and Condemnation Fund, or to exercise any of the remedies set forth in Article XIII hereof, or if it is determined that the Trust Administrator is unable to perform any of the other duties hereunder, the City, with the written consent of the Government as the Owner, shall appoint a bank or trust company as Trust Administrator hereunder (the “Trust Administrator”) to succeed to the duties and responsibilities of the Trust Administrator hereunder, such appointment to be effective immediately upon written notice thereof to the Trust Administrator. Any Trust Administrator appointed in such circumstances shall meet the requirements of Section 9.01(b) hereof. Upon such appointment, the term “Trust Administrator” in this Agreement shall also refer to such Trust Administrator.

ARTICLE X MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01. Amendments Permitted.

(a) **With Consent.** This Series 2025A Trust Agreement and the rights and obligations of the Owners of the Series 2025A Bonds and the Series 2025A Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Series 2025A Bonds then Outstanding, exclusive of Series 2025A Bonds disqualified as provided in Section 10.03, shall have been filed with the Trust Administrator. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Series 2025A Bond or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Series 2025A Bond, or (2) reduce or have the effect of reducing the percentage of Series 2025A Bonds required for the affirmative vote or written consent to an amendment or modification of the Series 2025A Installment Sale Agreement, or (3) modify any of the rights or obligations of the Trust Administrator without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 10.02.

(b) **Without Consent.** This Series 2025A Trust Agreement and the rights and obligations of the Owners of the Series 2025A Bonds and the Series 2025A Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, or (2) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interest of the Owners of the Series 2025A Bonds, or (3) if and to the extent specified in an opinion of nationally recognized bond counsel filed with the City, the Authority and the Trust Administrator, to make such additions,

deletions or modifications as may be necessary to assure compliance with section 148(f) of the Tax Code or otherwise as may be necessary to assure exclusion from gross income for purposes of federal income taxation of the interest component of Series 2025A Installment Payments. Any such supplemental agreement shall become effective upon its execution and delivery by the parties hereto or thereto as the case may be.

(c) **Counsel.** The Trust Administrator may obtain an opinion of Independent Counsel that any amendment entered into hereunder complies with the provisions of this Article X and the Trust Administrator may rely conclusively on such opinion.

Section 10.02. Procedure for Amendment with Written Consent of Series 2025A Bond Owners.

(a) **General.** This Series 2025A Trust Agreement or the Series 2025A Installment Sale Agreement may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners of the Series 2025A Bonds is required pursuant to Section 10.01. A copy of such supplemental agreement, together with a request to the Series 2025A Bond Owners for their consent thereto, shall be mailed by the Trust Administrator to the Owner of each Series 2025A Bond at his address as set forth in the Series 2025A Bond Register, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as provided in this Section 10.02.

(b) **Effective.** Such supplemental agreement shall not become effective unless there shall be filed with the Trust Administrator the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Series 2025A Bonds then Outstanding (exclusive of Series 2025A Bonds disqualified as provided in Section 10.03) and a notice shall have been mailed as hereinafter provided in this Section 10.02. Each such consent shall be effective only if accompanied by proof of ownership of the Series 2025A Bond for which such consent is given, which proof shall be such as is permitted by Section 2.11. Any such consent shall be binding upon the Owner of the Series 2025A Bond giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trust Administrator within five (5) Business Days of the date when the notice of consent hereinafter in this Section 10.02 provided for has been mailed. Any revocation received by the Trust Administrator later than five (5) Business Days after such notice has been mailed shall be of no force and effect.

(c) **Notice.** After the Owners of the required percentage of Series 2025A Bonds shall have filed their consents to such supplemental agreement, the Trust Administrator shall mail a notice to the Owners of the Series 2025A Bonds in the manner hereinbefore provided in this Section 10.02 for the mailing of such supplemental agreement at the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Series 2025A Bonds and will be effective as provided in this Section 10.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 10.02 to be filed with the Trust Administrator, shall be conclusive proof of the matters therein stated until

the contrary is proved. Such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Series 2025A Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 10.03. Disqualified Series 2025A Bonds. Series 2025A Bonds owned or held by or for the account of the City or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the City (except any Series 2025A Bond held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Series 2025A Bonds provided for in this Series 2025A Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Series 2025A Trust Agreement.

Section 10.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Series 2025A Trust Agreement or the Series 2025A Installment Sale Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Series 2025A Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Series 2025A Trust Agreement or the Series 2025A Installment Sale Agreement, as the case may be, for any and all purposes.

The City may adopt appropriate regulations to require each Series 2025A Bond Owner, before such Owner's consent provided for in this Article X shall be deemed effective, to reveal whether the Series 2025A Bond as to which such consent is given is disqualified as provided in Section 10.03.

Section 10.05. Endorsement or Replacement of Series 2025A Bonds Delivered After Amendments. The City may determine that Series 2025A Bonds delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Trust Administrator, as to such action. In that case, upon demand of the Owner of any Series 2025A Bond Outstanding at such effective date and presentation of his or her Series 2025A Bond for the purpose at the Trust Office, a suitable notation shall be made on such Series 2025A Bond. The City may determine that new Series 2025A Bond, so modified as in the opinion of the City is necessary to conform to such Series 2025A Bond Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Series 2025A Bond then Outstanding, such new Series 2025A Bond shall be exchanged at the Trust Office, without cost to such Owner, for a Series 2025A Bond of the same character then Outstanding, upon surrender of such Series 2025A Bond.

Section 10.06. Amendatory Endorsement of Series 2025A Bond. The provisions of this Article X shall not prevent any Series 2025A Bond Owner from accepting any amendment as to the particular Series 2025A Bond held by him, provided that due notification thereof is made on such Series 2025A Bond.

ARTICLE XI COVENANTS

Section 11.01. Compliance With and Enforcement of Series 2025A Installment Sale Agreement. The City and the Authority covenant and agree with the Owners of the Series 2025A Bonds to perform all obligations and duties imposed on them under the Series 2025A Installment Sale Agreement and this Series 2025A Trust Agreement. The City or the Authority, immediately upon receiving or giving any notice or communication or other document in any way relating to or affecting their respective interests in the Series 2025A Project which may or can in any manner affect such interest, will deliver the same, or a copy thereof, to the Trust Administrator. The City and the Authority will not 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 Series 2025A Installment Sale Agreement.

Section 11.02. Payment of Taxes. The City will, subject to any right of challenge thereof, pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon the Series 2025A Project or any part thereof, promptly as and when the same shall become due and payable; and the City will keep the Trust Administrator advised in writing of such payments. The City will not suffer the Series 2025A Project, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor.

Section 11.03. Observance of Laws and Regulations. The City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it with respect to the Wastewater System by contract, or prescribed by any law of the United States, 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 City with respect to the Wastewater System to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.04. Further Assurances. The Authority, the City and the Trust Administrator (at the cost and request of the City or the Authority) will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Series 2025A Trust Agreement, and for the better assuring and confirming unto the Owners of the Series 2025A Bonds the rights and benefits provided herein.

Section 11.05. Filing. The City shall be responsible for the filing of any supplemental instruments or documents of further assurance as may be required by law in order to perfect or renew the security interests created by this Series 2025A Trust Agreement. Neither the Trust Administrator nor the Authority shall be responsible for such filing.

Section 11.06. Private Activity Bond Limitation. The City and the Authority shall assure that proceeds of the Series 2025A Bonds are not so used as to cause the Series 2025A Bonds or the Series 2025A Installment Sale Agreement to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

Section 11.07. Federal Guarantee Prohibition. The City and the Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2025A Bonds or the Series 2025A Installment Sale Agreement to be “federally guaranteed” within the meaning of section 149(b) of the Tax Code.

Section 11.08. Rebate Requirement. The City and the Authority shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2025A Bonds and the Series 2025A Installment Sale Agreement.

Section 11.09. No Arbitrage. The City and the Authority shall not take, or permit or suffer to be taken by the Trust Administrator or otherwise, any action with respect to the proceeds of the Series 2025A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series 2025A Bonds or the Series 2025A Installment Sale Agreement to be “arbitrage bonds” within the meaning of section 148 of the Tax Code.

Section 11.10. Maintenance of Tax-Exemption. The City and the Authority shall take all actions necessary to assure the exclusion of interest with respect to the Series 2025A Bonds from the gross income of the Owners of the Series 2025A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

ARTICLE XII LIMITATION OF LIABILITY

Section 12.01. Limited Liability of City. Except for the payment of Series 2025A Installment Payments and Prepayments when due in accordance with the Series 2025A Installment Sale Agreement and the performance of the other covenants and agreements of the City contained in said Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Series 2025A Bonds with respect to this Series 2025A Trust Agreement or the terms, execution, delivery or transfer of the Series 2025A Bonds, or the distribution of Series 2025A Installment Payments to the Owners by the Trust Administrator except as expressly set forth herein.

Section 12.02. No Liability of the Authority for Trust Administrator Performance. In the event that a Trust Administrator shall be appointed pursuant to Section 9.05 to perform the duties of Trust Administrator hereunder, neither the City nor the Authority shall have any obligation or liability to the other party or to the Owners of the Series 2025A Bonds with respect to the performance by such Trust Administrator of any duty imposed upon such Trust Administrator under this Series 2025A Trust Agreement.

Section 12.03. Indemnification of Trust Administrator. In the event that a Trust Administrator shall be appointed pursuant to Section 9.05 to perform the duties of Trust Administrator hereunder, the City shall to the extent permitted by law indemnify and save such Trust Administrator, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of:

(a) the use, maintenance, condition or management of, or from any work or thing done on, the Series 2025A Project by the Authority or the City;

(b) any breach or default on the part of the Authority or the City in the performance of any of their respective obligations under the Series 2025A Installment Sale Agreement, this Series 2025A Trust Agreement and any other agreement made and entered into for purposes of the Series 2025A Project;

(c) any act of the Authority or the City or of any of their respective agents, contractors, servants, employees or licensees with respect to the Series 2025A Project;

(d) any act of any assignee of, or purchaser from the Authority or the City or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Series 2025A Project;

(e) the acquisition, construction, installation and equipping of the Series 2025A Project or the authorization of payment of Delivery Costs;

(f) the actions of any other party, including but not limited to (i) the ownership, operation or use of the Series 2025A Project by the Authority or the City, (ii) the Trust Administrator's exercise and performance of its powers and duties hereunder, or (iii) the offering and sale of the Series 2025A Bonds. No indemnification will be made under this Section 12.03 or elsewhere in this Series 2025A Trust Agreement for willful misconduct or negligence under this Series 2025A Trust Agreement by such Trust Administrator, its officers or employees. The City's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Series 2025A Bonds or resignation or removal of such Trust Administrator.

Section 12.04. Limitation of Rights to Parties and Series 2025A Bond Owners. Nothing in this Series 2025A Trust Agreement or in the Series 2025A Bonds expressed or implied is intended or shall be construed to give any person other than the City, the Authority, the Trust Administrator and the Owners of the Series 2025A Bonds, any legal or equitable right, remedy or claim under or in respect of this Series 2025A Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Authority, the Trust Administrator and said Owners.

ARTICLE XIII EVENTS OF DEFAULT AND REMEDIES OF SERIES 2025A BOND OWNERS

Section 13.01. Assignment of Rights. Pursuant to the Series 2025A Assignment Agreement, the Authority transfers, assigns and sets over to the Trust Administrator all of the Authority's rights under the Series 2025A Installment Sale Agreement (excepting only the Authority's rights under Sections 6.03 and 7.04 thereof), including without limitation the Authority's rights to exercise such rights and remedies conferred on the Authority pursuant to the Series 2025A Installment Sale Agreement as may be necessary or convenient (i) to enforce payment of the Series 2025A Installment Payments, Prepayments and any other amounts required to be deposited in the Series 2025A Installment Payment Fund or the Insurance and

Condemnation Fund, and (ii) otherwise to exercise the Authority's rights and take any action to protect the interests of the Trust Administrator or the Series 2025A Bond Owners in an Event of Default.

Section 13.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trust Administrator may exercise any and all remedies available hereunder pursuant to law or granted pursuant to the Series 2025A Installment Sale Agreement.

Upon the occurrence of an Event of Default, the Trust Administrator may, and shall, at the written direction of the Owners of a majority of the principal amount of Series 2025A Bonds then Outstanding, by written notice to the City, declare the principal of the Series 2025A Installment Payments to be immediately due and payable, whereupon that portion of the principal of the Series 2025A Installment Sale Agreement thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Series 2025A Trust Agreement or in the Series 2025A Installment Payments to the contrary notwithstanding.

Remedies shall be cumulative with respect to the Trust Administrator and the Owners. If any remedial action is discontinued or abandoned, the Trust Administrator and the Owners shall be restored to their former positions.

Section 13.03. Application of Funds. All moneys received by the Trust Administrator pursuant to any right given or action taken under the provisions of this Article XIII or of Article VII of the Series 2025A Installment Sale Agreement, shall be applied by the Trust Administrator in the order following upon presentation of the several Series 2025A Bonds and the stamping thereon of the payment if only partially paid or upon the surrender thereof if fully paid:

(a) **First**, to the payment of the costs and expenses of the Trust Administrator hereunder (including, but not limited to, the costs and expenses of itself and its counsel) and, after such payment to the Trust Administrator, of the Series 2025A Bond Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel, together with interest on all such amounts advanced as provided in the Series 2025A Installment Sale Agreement;

(b) **Second**, to the payment of the whole amount then owing and unpaid with respect to the Series 2025A Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate or rates specified in the respective Series 2025A Bonds (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Series 2025A Bonds, then such moneys shall be applied in the following order of priority: (1) delinquent interest, (2) past due interest installments, (3) past due principal installments, (4) current interest due, and (5) current principal due.

Section 13.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trust Administrator in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Series 2025A Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Series 2025A Bonds by a suit in equity or action at law, for the specific performance of any covenant or agreement

contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trust Administrator shall deem most effectual to enforce any of its rights or duties hereunder.

Section 13.05. Non-waiver. Nothing in this Article XIII or in any other provision of this Series 2025A Trust Agreement, or in the Series 2025A Bonds, shall affect or impair the obligation of the City, which is absolute and unconditional subject to Section 3.06 of the Series 2025A Installment Sale Agreement, to pay or prepay the Series 2025A Installment Payments as provided in the Series 2025A Installment Sale Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Series 2025A Bond Owners to institute suit to enforce such payment. No delay or omission of the Trust Administrator or of any Owner of any of the Series 2025A Bonds to exercise any right or power arising upon the happening 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, and every power and remedy given by this Article XIII to the Trust Administrator or to the Owners of Series 2025A Bonds may be exercised from time to time and as often as shall be deemed expedient by the Trust Administrator or the Series 2025A Bond Owners.

Section 13.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trust Administrator or to the Series 2025A Bond Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07. Power of Trust Administrator to Control Proceedings. In the event that the Trust Administrator, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Series 2025A Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Series 2025A Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trust Administrator shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Series 2025A Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 13.08. Limitation on Series 2025A Bond Owners' Right to Sue. No Owner of any Series 2025A Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Series 2025A Trust Agreement, unless (a) such Owner shall have previously given to the Trust Administrator written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Series 2025A Bond then Outstanding shall have made written request upon the Trust Administrator to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trust Administrator reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trust Administrator shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trust Administrator.

Notwithstanding any contrary provision contained herein, so long as the Government is the Owner of the Series 2025A Bonds, such rights and remedies as are given to the Trust Administrator under this Article may be exercised by the Government in its own name without any tender of indemnity to the Trust Administrator.

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 Series 2025A Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Series 2025A Bond shall have any right in any manner whatever by his or their action to enforce any right under this Series 2025A Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Series 2025A Bonds.

The right of any Owner of any Series 2025A Bond to receive payment of said Owner's proportionate interest in the Series 2025A Installment Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 13.08 or any other provision of this Series 2025A Trust Agreement.

Section 13.09. Parties Interested Herein. Nothing in this Series 2025A Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Authority, the Trust Administrator and the Owners any right, remedy or claim under or by reason of this Series 2025A Trust Agreement, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Series 2025A Trust Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Authority, the Trust Administrator and the Owners.

ARTICLE XIV MISCELLANEOUS

Section 14.01. Discharge. The Outstanding Series 2025A Bonds may be paid and discharged in any one or more of the following ways:

(a) **Payment.** By paying or causing to be paid the principal with respect to and interest with respect to all Series 2025A Bonds Outstanding, as and when the same become due and payable;

(b) **Deposit.** By depositing with the Trust Administrator, in trust, at or before maturity, money which, together with the amounts then on deposit in the Series 2025A Installment Payment Fund and the Series 2025A Reserve Fund, is fully sufficient to pay all Series 2025A Bonds Outstanding, including all principal and interest;

(c) **Escrow.** By irrevocably depositing with the Trust Administrator or an escrow agent, in trust, cash or Discharge Obligations in such amount as an independent nationally recognized certified public accountant shall determine in a written report delivered to the Trust

Administrator or escrow agent will, together with the interest to accrue thereon and moneys then on deposit in the Series 2025A Installment Payment Fund and the Series 2025A Reserve Fund, if required, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Series 2025A Bonds (including all principal and interest) at or before their respective maturity dates; or

(d) Security Deposit. By depositing with the Trust Administrator, under an escrow deposit and trust agreement, security for the payment of Series 2025A Installment Payments as more particularly described in Section 4.05 of the Series 2025A Installment Sale Agreement, said security to be held by the Trust Administrator, as agent for City, and to be applied by the Trust Administrator to Series 2025A Installment Payments representing the obligation of the City under the Series 2025A Installment Sale Agreement, as described in Section 4.05 of the Series 2025A Installment Sale Agreement;

(e) Effect. Notwithstanding that any Series 2025A Bonds shall not have been surrendered for payment, all rights hereunder of the Owners of the Series 2025A Bonds and all obligations of the Authority, the Trust Administrator and the City under this Series 2025A Trust Agreement with respect to all Outstanding Series 2025A Bonds shall cease and terminate, except only the obligation of the Trust Administrator to pay or cause to be paid, from Series 2025A Installment Payments paid by or on behalf of the City from deposits pursuant to paragraphs (b) through (d) of this Section 14.01, to the Owners of the Series 2025A Bonds not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) through (d) of this Section 14.01, the Series 2025A Bonds shall continue to represent direct, undivided and fractional interests of the Owners thereof in Series 2025A Installment Payments under the Series 2025A Installment Sale Agreement.

(f) Payment Date. All monies held or deposited pursuant to subsections (b) through (d), above, shall be used to pay and prepay Series 2025A Bonds on the earliest possible date.

(g) Surplus Funds. Any funds held by the Trust Administrator, at the time of one of the events described above in subsections (a) through (d) above, which are not required for the payment to be made to Owners, or for payments to be made to the Trust Administrator by the City (including attorneys' fees), shall be paid over to the City.

Notwithstanding any contrary provision contained herein, so long as the Government is the Owner of the Series 2025A Bonds, the Series 2025A Bonds may not be defeased.

Section 14.02. Records. The Trust Administrator shall keep complete and accurate records of all moneys received and disbursed under this Series 2025A Trust Agreement, which shall be available for inspection by the City, the Authority, and the Owners of not less than 10% in aggregate principal amount of the Series 2025A Bonds Outstanding, or the agent of any of them, upon reasonable prior notice and during regular business hours.

Section 14.03. Notices. All written notices to be given under this Series 2025A Trust Agreement shall be given by mail first class, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time. Any such

notice shall be deemed to have been received 48 hours after deposit in the United States mail, with postage fully prepaid.

If to the City:	City of San Juan Bautista 311 2nd Street / P.O. Box 1420 San Juan Bautista, CA 95045 Attention: City Manager
If to the Authority:	San Juan Bautista Public Financing Authority 311 2nd Street / P.O. Box 1420 San Juan Bautista, CA 95045 Attention: Executive Director
If to the Trust Administrator:	City Manager City of San Juan Bautista 311 2nd Street / P.O. Box 1420 San Juan Bautista, CA 95045 Attention: City Manager
If to the Government:	Rural Development, United States Department of Agriculture 777 Sonoma Ave, 'E' Street Annex Santa Rosa, CA 95404 Attention: Area Specialist

And

Rural Development, United States
Department of Agriculture
430 G Street, Suite 4169
Davis, CA 95616
Attention: Community Programs Specialist

Section 14.04. Governing Law. This Series 2025A Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.05. Binding Effect; Successors. This Series 2025A Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Series 2025A Trust Agreement the Authority, the City or the Trust Administrator is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Series 2025A Trust Agreement contained by or on behalf of the Authority, the City or the Trust Administrator shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.06. Execution in Counterparts. This Series 2025A Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.07. Destruction of Canceled Series 2025A Bonds. Whenever in this Series 2025A Trust Agreement provision is made for the surrender to or cancellation by the Trust Administrator and the delivery to the City of any Series 2025A Bond, the Trust Administrator may, in lieu of such cancellation and delivery, destroy such Series 2025A Bond and deliver a certificate of such destruction to the City.

Section 14.08. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Series 2025A Trust Agreement. All references herein to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Series 2025A Trust Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Series 2025A Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.09. Limitation of Rights to Parties and Series 2025A Bond Owners. Nothing in this Series 2025A Trust Agreement or in the Series 2025A Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the City, the Trust Administrator and the Owners of the Series 2025A Bonds, any legal or equitable right, remedy or claim under or in respect of this Series 2025A Trust Agreement 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 Authority, the City, the Trust Administrator and the Owners of the Series 2025A Bonds delivered hereunder.

Section 14.10. Waiver of Notice. Whenever in this Series 2025A Trust Agreement 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 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.

Section 14.11. Payments Due on Other than Business Day. If the date for making any payment as provided in this Series 2025A Trust Agreement is not a Business Day, such payment must be made on the previous Business Day.

Section 14.12. Payment of Unclaimed Moneys. Notwithstanding any provisions of this Series 2025A Trust Agreement, any moneys held by the Trust Administrator in trust for the payment of the principal or interest due with respect to any Series 2025A Bond and remaining unclaimed two years from the date of payment or prepayment of such Series 2025A Bond, or if the law shall have been changed and the City has notified the Trust Administrator of such change or the Trust Administrator notifies the City, then on the date thirty (30) days prior to the then applicable escheat provision of State law, shall, on such date, be repaid to the City free from the trusts created by this Series 2025A Trust Agreement, and all liability of the Trust Administrator with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the City as aforesaid, the Trust Administrator may (at the cost and request of the City) first mail to the Owners to whom such amounts have not yet been paid, at the addresses shown on the Series 2025A Bond Register, a notice, in such form as may be deemed appropriate by the Trust Administrator with respect to the amounts so payable and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof. The Trust Administrator shall not be liable for any interest on funds held by it. The City shall not be liable for any interest on the

sums paid to it pursuant to this Section 14.12 and shall not be regarded as a Trust Administrator of such money.

Section 14.13. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Series 2025A Trust Agreement or in the Series 2025A Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Series 2025A Trust Agreement, and this Series 2025A Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Series 2025A Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Series 2025A Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Series 2025A Trust Agreement may be held illegal, invalid or unenforceable.

[Signature Page to Follow on Next Page]

IN WITNESS WHEREOF, the parties have executed this Series 2025A Trust Agreement as of the date and year first above written.

CITY OF SAN JUAN BAUTISTA

By _____
City Manager

CITY MANAGER OF THE
CITY OF SAN JUAN BAUTISTA,
as Trust Administrator

By _____
City Manager

SAN JUAN BAUTISTA
PUBLIC FINANCING AUTHORITY

By: _____
Authorized Signatory

EXHIBIT A

FORM OF SERIES 2025A BOND

No. R-1

***** \$7,000,000 *****

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY
(CITY OF SAN JUAN BAUTISTA)
SERIES 2025A WASTEWATER REVENUE BONDS
(SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT)**

INTEREST PAYMENT DATES	RATE OF INTEREST	DATED DATE
April 1 and October 1 as described below	2.750%	September __, 2025

REGISTERED OWNER: UNITED STATES OF AMERICA, ACTING THROUGH THE RURAL UTILITIES SERVICE

PRINCIPAL AMOUNT: SEVEN MILLION DOLLARS

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Series 2025A Wastewater Revenue Bond (the "Series 2025A Bond") is the owner of a direct, undivided fractional interest in certain installment payments (the "Series 2025A Installment Payments") payable under that certain Series 2025A Installment Sale Agreement, dated as of September 1, 2025 (the "Series 2025A Installment Sale Agreement"), by and between the SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, a California public financing authority formed and existing under the joint powers authority laws of the State of California (the "Authority"), and the CITY OF SAN JUAN BAUTISTA (the "City"), a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California. The Series 2025A Installment Payments and certain other rights and interests under the Series 2025A Installment Sale Agreement have been assigned to the City Manager of the City, as trust administrator (the "Trust Administrator"), having an office in the location described in the Series 2025A Trust Agreement referred to below.

The Registered Owner of this Series 2025A Bond is entitled to receive, subject to the terms of the Series 2025A Installment Sale Agreement, on the Maturity Dates identified below, or any earlier prepayment date, the Principal Amounts identified below representing a direct, undivided fractional share of the portion of the Series 2025A Installment Payments designated as principal as follows:

Maturity Date	Principal Due	Maturity Date	Principal Due
04/1/2026	\$150,000	04/1/2046	\$170,000
04/1/2027	100,000	04/1/2047	170,000
04/1/2028	105,000	04/1/2048	175,000
04/1/2029	105,000	04/1/2049	180,000
04/1/2030	110,000	04/1/2050	185,000
04/1/2031	110,000	04/1/2051	190,000
04/1/2032	115,000	04/1/2052	195,000
04/1/2033	120,000	04/1/2053	205,000
04/1/2034	120,000	04/1/2054	210,000
04/1/2035	125,000	04/1/2055	215,000
04/1/2036	130,000	04/1/2056	220,000
04/1/2037	130,000	04/1/2057	225,000
04/1/2038	135,000	04/1/2058	230,000
04/1/2039	140,000	04/1/2059	240,000
04/1/2040	145,000	04/1/2060	245,000
04/1/2041	145,000	04/1/2061	250,000
04/1/2042	150,000	04/1/2062	260,000
04/1/2043	155,000	04/1/2063	265,000
04/1/2044	160,000	04/1/2064	275,000
04/1/2045	165,000	04/1/2065	280,000

and to receive on April 1, 2026, and semiannually thereafter on April 1 and October 1 of each year (each an “Interest Payment Date”) until payment in full of said principal the Registered Owner’s direct, undivided fractional share of the Series 2025A Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable at the above stated Rate of Interest from the Dated Date identified above.

Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Office of the Trust Administrator, and interest represented hereby is payable by check or draft mailed by first class mail by the Trust Administrator on each Interest Payment Date to the Registered Owner at such Owner’s address as it appears on the Series 2025A Bonds register of the Trust Administrator as of the preceding Record Date; provided, however, that so long as the United States of America remains the Registered Owner of the Series 2025A Bonds, payment of principal shall be made on each Principal Payment Date and payment of interest shall be made on each Payment Date to the Registered Owner, unless otherwise requested by the Registered Owner, by the Pre-Authorized Debit (PAD) payment process (i.e., the City’s payments shall be electronically debited from the Series 2025A Installment Payment Fund on each Interest Payment Date in accordance with the PAD process established by Form SF-5510 and Form RD 3550-28, both entitled “Authorization Agreement for Pre-Authorized Payments”).

This Series 2025A Bond has been executed and delivered by the Trust Administrator pursuant to the terms of a Series 2025A Trust Agreement by and among the Trust Administrator, the Authority and the City, dated as of September 1, 2025 (the “Series 2025A Trust Agreement”). The City has certified that it is authorized to enter into the Series 2025A Installment Sale Agreement and the Series 2025A Trust Agreement under the laws of the State of California, for the purpose of paying the costs of certain public capital improvements.

Reference is hereby made to the Series 2025A Installment Sale Agreement, Series 2025A Trust Agreement and the Series 2025A Assignment Agreement (copies of which are on file at the Office of the Trust Administrator) for a description of the terms on which the Series 2025A Bonds are delivered, the rights thereunder of the owners of the Series 2025A Bonds, the rights, duties and immunities of the Trust Administrator and the rights and obligations of the City under the Series 2025A Installment Sale Agreement, to all of the provisions of the Series 2025A Assignment Agreement, Series 2025A Installment Sale Agreement and the Series 2025A Trust Agreement the Registered Owner of this Series 2025A Bond, by acceptance hereof, assents and agrees.

This single, fully registered Series 2025A Bond is issued by the Authority and represents the \$7,000,000 Series 2025A Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project), all of like, date, tenor and effect, but differing in amounts and maturities, authorized to be executed and delivered pursuant to the Series 2025A Trust Agreement.

This Series 2025A Bond is transferable only to a Qualified Institutional Buyer (as such term is defined by Rule 144A of the Securities Act of 1933) or other persons with the consent of the City and the Authority, by the Registered Owner thereof in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Series 2025A Trust Agreement, and upon surrender of this Series 2025A Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in the form appearing hereon. Upon such transfer, a new Series 2025A Bond or Series 2025A Bonds of the same Maturity Date representing the same principal amount will be issued to the transferee in exchange hereof.

Notwithstanding anything herein or elsewhere to the contrary, there shall be not any transfers or exchanges while Government is owner, unless requested by the Government.

The City is obligated under the Series 2025A Installment Sale Agreement to pay the Series 2025A Installment Payments from Net Revenues (as such term is defined in the Series 2025A Installment Sale Agreement) on parity with all Parity Obligations (as such term is defined in the Series 2025A Trust Agreement) issued or incurred within the meaning of the Series 2025A Installment Sale Agreement.

The obligation of the City to pay the Series 2025A Installment Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Series 2025A Installment Payments does not constitute a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Series 2025A Bond is subject to optional prepayment in whole, or in part among maturities in any manner as directed by the City in inverse order of maturity, unless otherwise requested by City and agreed to by Original Purchaser as long as the Original Purchaser is the sole owner of the then Outstanding 2025A Bonds, in its reasonable discretion, on any Business Day, from prepayments of the Series 2025A Installment Payments made at the option of the City pursuant to the Series 2025A Installment Sale Agreement, at a prepayment price equal to the aggregate principal components of the Series 2025A Installment Payments to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Series 2025A Bond is subject to mandatory prepayment on any date, in whole, or in part, from the net proceeds of insurance or eminent domain proceedings, in either case deposited with the Trust Administrator, which are credited towards the prepayment of the Series 2025A Installment Payments pursuant to the Series 2025A Installment Sale Agreement, at a prepayment price equal to one hundred percent (100%) of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

As provided in the Series 2025A Trust Agreement, notice of prepayment shall be mailed by the Trust Administrator by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the Registered Owner of the Series 2025A Bond, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Series 2025A Bond is called for prepayment and payment is duly provided hereof as specified in the Series 2025A Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

This Series 2025A Bond is transferable by the Registered Owner hereof, in person or by his or her attorney duly authorized in writing, at the Trust Office of the Trust Administrator, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Series 2025A Trust Agreement and upon surrender and cancellation of this Series 2025A Bond.

Upon such transfer a new Series 2025A Bond or Series 2025A Bonds, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest and maturity date, will be delivered to the transferee in exchange hereof. The City, the Authority and the Trust Administrator may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Series 2025A Bond shall be overdue, and the City, the Authority and the Trust Administrator shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Series 2025A Trust Agreement, the provisions of the Series 2025A Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Series 2025A Bonds then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Series 2025A Bond or reduce the interest or principal represented thereby, without the express consent of the owner of such Series 2025A Bond.

The Trust Administrator has no obligation or liability to the registered owners of the Series 2025A Bonds to make payments of principal, or interest with respect to the Series 2025A Bonds except from amounts on deposit for such purposes with the Trust Administrator. The Trust Administrator's sole obligations are to administer for the benefit of the registered owners of the Series 2025A Bonds the various funds and accounts established under the Series 2025A Trust Agreement and to perform the other duties expressly imposed upon it under the Series 2025A Trust Agreement.

The City has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Series 2025A Installment Sale Agreement and the Series 2025A Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Series 2025A Bonds, do exist, have happened and have been performed in due time, form and manner as required by law.

This Series 2025A Bond is given as evidence of a loan to the City made by the United States of America, acting through the Rural Utilities Service, pursuant to the Consolidated Farm and Rural Development Act, and shall be subject to the present regulations of the Rural Utilities Service or any successor agency thereto and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, this is one of the Series 2025A Bonds described in the within-mentioned Series 2025A Trust Agreement and registered on the Registration Books, and is hereby executed and authenticated by the manual signature of the Trust Administrator, all as of the Dated Date set forth above.

CITY MANAGER OF THE CITY OF SAN JUAN
BAUTISTA, as Trust Administrator

By: _____
City Manager

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face hereof, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT ___ Custodian

TEN ENT -- as tenants by the Entireties

(Cust) ___ (Minor) ___
under Uniform Gifts to Minors

JT TEN -- as joint tenants with ___ right of survivorship
___ and not as tenants in ___ common

Act _____
(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

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

the within registered Series 2025A Bond and hereby irrevocably constitute(s) and appoint(s) _____
_____ attorney, to transfer the same on the Series 2025A Bond Register of the Trust Administrator with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

Note: The signature(s) on this Assignment must correspond with the name (s) as written on the face of the within Series 2025A Bond in every particular, without alteration or enlargement or any change whatsoever.

**Record of Prepayment in Advance of Maturity
of Series 2025A Bonds Represented by this Series 2025A Bond**

The Record of prepayment in advance of maturity on the registered Series 2025A Bond shall be substantially as follows:

<u>Amount</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____
_____	_____

SERIES 2025B TRUST AGREEMENT

by and among the

CITY OF SAN JUAN BAUTISTA

and

SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY

and the

**CITY MANAGER
OF THE CITY OF SAN JUAN BAUTISTA,
as Trust Administrator**

Dated as of September 1, 2025

Relating to

**\$3,268,000
SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY
(CITY OF SAN JUAN BAUTISTA)
SERIES 2025B WASTEWATER REVENUE BONDS
(SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT)**

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SERIES 2025B TRUST AGREEMENT

THIS SERIES 2025B TRUST AGREEMENT, dated as of September 1, 2025, is by and among SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, a California public financing authority formed and existing under the joint powers authority laws of the State of California (the “Authority”), the CITY OF SAN JUAN BAUTISTA, a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California (the “City”), and the City Manager of the City, as Trust Administrator (the “Trust Administrator”);

WITNESSETH:

WHEREAS, the City and the Authority propose to undertake the acquisition and financing of certain capital improvements described herein (the “Series 2025B Project”) to the City’s municipal wastewater system (the “Enterprise” or “Wastewater System”); and

WHEREAS, to help finance the Series 2025B Project, the City has agreed to purchase the Series 2025B Project from the Authority pursuant to, and in accordance with the terms set forth in the Series 2025B Installment Sale Agreement, dated as of September 1, 2025, by and between the City and the Authority (the “Series 2025B Installment Sale Agreement”); and

WHEREAS, concurrently with the execution of this Series 2025B Trust Agreement, it is contemplated that the Trust Administrator will authenticate and deliver the San Juan Bautista Public Financing Authority (City of San Juan Bautista), Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project), in the aggregate principal amount of \$3,268,000 (the “Series 2025B Bonds”), evidencing a direct, undivided fractional interest in certain Series 2025B Installment Payments to be made by the City, pursuant to the terms and conditions of the Series 2025B Installment Sale Agreement (the “Series 2025B Installment Payments”); and

WHEREAS, all rights to receive the Series 2025B Installment Payments have been assigned without recourse by the Authority to the Trust Administrator, for the benefit of the Owners of the Series 2025B Bonds, pursuant to the Series 2025B Assignment Agreement, dated as of September 1, 2025, by and between the City and the Authority (the “Series 2025B Assignment Agreement”); and

WHEREAS, in consideration of such assignment, concurrently with the execution of this Series 2025B Trust Agreement, the Trust Administrator will authenticate and deliver the Series 2025B Bonds to the United States of America, acting through the Rural Utilities Service (interchangeably, the “USDA” or “Government”), as the initial purchasers thereof, each secured by, among other things, the Series 2025B Installment Payments; and

WHEREAS, the City and Authority after due investigation and deliberation have each adopted respective resolutions authorizing the financing of the Series 2025B Project through the execution and delivery of the Series 2025B Bonds; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Series 2025B Trust Agreement do exist, have happened and have been performed in regular and due time, form and

manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Series 2025B Trust Agreement; and

WHEREAS, the City has determined that all acts and proceedings required by law necessary to make the Series 2025B Bonds, when executed, authenticated and delivered by the Trust Administrator and duly issued, the valid, binding and legal special obligations of the City, and to constitute this Series 2025B Trust Agreement 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 this Series 2025B Trust Agreement have been in all respects duly authorized; and

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

ARTICLE I DEFINITIONS; AUTHORIZATION; EXHIBITS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Series 2025B Trust Agreement and of any trust agreement supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. In addition, all terms defined in the Series 2025B Installment Sale Agreement and not otherwise defined herein shall have the respective meanings specified in the Series 2025B Installment Sale Agreement.

“Additional Revenues” means, with respect to the issuance of any Parity Obligations, an allowance for Net Revenues arising from (i) any increase in the charges made for service from the Wastewater System, adopted prior to the incurring of such Parity Obligations and effective within eighteen (18) months following the date of incurring such Parity Obligations, in an amount equal to the total amount by which the Net Revenues for the Wastewater System would have been increased if such increase in charges had been in effect during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the City, (ii) any increase in service connections to the Wastewater System, prior to the incurring of such Parity Obligations, in an amount equal to the total amount by which the Net Revenues for the Wastewater System would have been increased if such connections had been in existence during the whole of the most recent complete Fiscal Year or during any more recent twelve (12) month period selected by the City, all as shown by the certificate or opinion of an Independent Financial Consultant, and (iii) any additions to or improvements or extensions of the Wastewater System to be constructed with the proceeds of such Parity Obligations, and also for net revenues from any such additions, improvements or extensions which have been constructed from moneys from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 85% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period following closing of the proposed Parity Obligations, all as shown by the certificate or opinion of an Independent Engineer or Independent Financial Consultant.

“Series 2025B Assignment Agreement” means the Series 2025B Assignment Agreement, dated as of September 1, 2025, by and between the Authority and the Trust Administrator, together with any amendments or supplements thereto.

“**Authority**” means the San Juan Bautista Public Financing Authority, a California public financing authority formed and existing under the joint powers authority laws of the State of California, with the power and authority to, among other things, issue the Series 2025B Bonds under the Bond Law.

“**Authority Board**” means the Board of Directors of the Authority.

“**Authority Representative**” means the Chairman, Vice Chairman, Executive Director, Treasurer or Secretary of the Authority, or any other person authorized by resolution of the Authority Board to act on behalf of the Authority under or with respect to this Series 2025B Trust Agreement.

“**Bank**” means First Foundation Public Finance, a Delaware statutory trust and wholly owned subsidiary of First Foundation Bank (including its successors and assigns), as the purchaser and owner of the 2023 Notes.

“**Bond Counsel**” means (a) The Weist Law Firm, and (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to municipal obligations, the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code.

“**Bond Law**” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with section 6584) of the Act, as in existence on the Closing Date or as thereafter amended from time to time.

“**Series 2025B Bond Maturity Date**” means April 1, 2065, which is the date on which the final principal component of the Series 2025B Installment Payments evidenced and represented thereby shall become due and payable.

“**Series 2025B Bond Register**” means the Series 2025B Bond Register relating to the Series 2025B Bonds maintained by the Trust Administrator in accordance with Section 2.11 of this Series 2025B Trust Agreement.

“**Series 2025A Bonds**” means the \$7,000,000 San Juan Bautista Public Financing Authority (City of San Juan Bautista), Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project), dated the Closing Date, executed and delivered pursuant to this Series 2025A Trust Agreement.

“**Series 2025B Bonds**” means the \$3,268,000 San Juan Bautista Public Financing Authority (City of San Juan Bautista), Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project), dated the Closing Date, executed and delivered pursuant to this Series 2025B Trust Agreement.

“**Business Day**” means any day other than (i) a Saturday or a Sunday or (ii) a day on which the City offices are authorized or obligated by law or executive order to be closed.

“**City**” means the City of San Juan Bautista, a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California.

“City Council” means the City Council as the legislative body of the City.

“City Representative” means the Mayor, Mayor Pro Tem, City Manager, Treasurer, Finance Director, City Clerk or Acting City Clerk, or any other official of the City authorized by the City Council to act for, and on behalf of, the City.

“Closing Date” means the date upon which there is a physical delivery of the Series 2025B Bonds in exchange for the amount representing the purchase price of all or the first advance of a portion of the purchase price of the Series 2025B Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury regulations, including temporary and proposed regulations relating to each such section that are applicable to the Parity Obligations or the use of the proceeds thereof.

“County” means the County of San Benito, California.

“Debt Service” means, for any Fiscal Year, the sum of (1) the interest falling due during such Fiscal Year on all Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued), assuming that all outstanding serial Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are redeemed as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities that mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), (2) the principal amount of all serial Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) falling due by their terms during such Fiscal Year, and (3) the minimum amount of term Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) required to be paid or called and redeemed during such Fiscal Year, together with the redemption premiums, if any, thereon; provided that, whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Obligations are not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Obligations have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Obligations is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer Bond Revenue Index (or comparable index if no longer published) plus one hundred fifty (150) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus one hundred fifty (150) basis points.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority relating to the financing and refinancing of the Series 2025B Project from the proceeds of the Series 2025B Bonds, including but not limited to fees and expenses of Bond Counsel and municipal advisor, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, fees and charges of the Trust Administrator, financing discounts, legal fees and charges, financial and other professional consultant fees, fees for execution, transportation and safekeeping of the Series 2025B Bonds, travel expenses and charges and fees in connection with the foregoing.

“Denomination Amount” means the minimum denomination of each Series 2025B Bond which is One Thousand Dollars (\$1000).

“Discharge Obligations” means (a) cash, or (b) non-callable Federal Securities.

“Enterprise Fund” means the wastewater enterprise fund of the City in which Gross Revenues are to be deposited.

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, hazardous substances, chemical waste, materials or substances.

“Event of Default” means an event of default under Section 7.01 of the Series 2025B Installment Sale Agreement.

“Fair Market Value” means for purposes of valuing the Permitted Investments, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of investment. The Trust Administrator shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of a City Representative in any written directions of a City Representative.

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

“2023 Financing Agreement” means the financing agreement, dated as of February 1, 2023, by and between the City and the Bank relating to the issuance of the 2023 Notes.

“Fiscal Year” means any period of twelve (12) consecutive months established by the City as its fiscal year and shall initially mean the period commencing July 1 of one year and ending on June 30 of the following year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for cities in the State of

California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Finance Director” means the person who is the City’s Finance Director or his or her deputy or assistant.

“Government” means the United States of America, acting through the Rural Utilities Service (or successor agency, bureau or division).

“Gross Revenues” means for any Fiscal Year or other period, all gross income and revenue received by the City from the ownership and operation of the Wastewater System, including, without limiting the generality of the foregoing, (a) all rates, fees and charges received for, and all other income and receipts derived by the City from the operation of the Wastewater System or arising from the Wastewater System determined in accordance with generally accepted accounting principles, including all rates, fees and charges received by the City for the Wastewater System service and the other services of the Wastewater System, (b) all proceeds of insurance (if any) covering business interruptions loss relating to the Wastewater System, (c) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other monies to the extent that the use of such earnings and income is limited by or pursuant to law to the Wastewater System, (d) the proceeds derived by the City directly or indirectly from the sale, lease or other disposition of a part of the Wastewater System, and (e) all other monies howsoever derived by the City from the operation of the Wastewater System or arising from the Wastewater System, including major facility charges; provided, that the term “Revenues” shall not include contributions in aid of construction or refundable customers’ deposits or any other deposits subject to refund until such deposits have become the property of the City.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the City that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Counsel” means an attorney or a firm of attorneys duly admitted to the practice of law before the highest court of the state in which he or such firm maintains an office and who is not an employee of the Authority, the Trust Administrator or the City.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to wastewater systems similar to the Wastewater System, appointed and paid by the City, and who or each of whom:

- (1) is in fact independent and not under the domination of the City;
- (2) does not have a substantial financial interest, direct or indirect, in the City; and
- (3) is not connected with the City as a council member, officer or employee of the City, but may be regularly retained to make reports to the City.

“Independent Financial Consultant” means a financial consultant qualified in the field of municipal finance, appointed and paid by the City, and who:

- (1) is in fact independent and not under the domination of the City or any member thereof;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and
- (3) is not connected with the City as an officer or employee of the City or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the City.

“Series 2025B Installment Payment” means any payment required to be paid by the City to the Authority pursuant to Section 3.05 of the Series 2025B Installment Sale Agreement.

“Series 2025B Installment Payment Date” means each Interest Payment Date.

“Series 2025B Installment Payment Fund” means the fund designated “City of San Juan Bautista, Series 2025B Installment Payment Fund” established and held by the Trust Administrator pursuant to Article III of this Series 2025B Trust Agreement.

“Series 2015 Installment Sale Agreement” means the Series 2015 Wastewater Installment Sale Agreement, dated as of December 1, 2015, by and between the Authority and the City, and any duly authorized and executed amendment or supplement thereto, in the original aggregate principal amount of \$5,238,000.

“Series 2025B Installment Sale Agreement” means the Series 2025B Installment Sale Agreement, dated as of September 1, 2025, by and between the Authority and the City, and any duly authorized and executed amendment or supplement thereto.

“Insurance and Condemnation Fund” means the fund by that name established pursuant to Article VII of this Series 2025B Trust Agreement and held by the Trust Administrator.

“Series 2025B Interest Fund” means the fund by that name established in Section 5.04 herein.

“Interest Payment Date” means April 1 and October 1 of each year, commencing April 1, 2026.

“Interest Rate” means the rate of interest to be paid on the Series 2025B Bond which is 2.750% per annum.

“Listed Event” means, so long as the City has outstanding any Parity Obligations subject to Rule 15c2-12, any of the events required to be reported with respect to such Parity Obligations pursuant to Rule 15c2-12(b)(5).

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the Parity Obligations to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“**Net Proceeds**” means any insurance proceeds or condemnation award paid with respect to the Series 2025B Project, remaining after payment therefrom of all expenses incurred in the collection thereof.

“**Net Revenues**” means Gross Revenues less Operation and Maintenance Expenses.

“**2023 Notes**” means the outstanding principal amount of City of San Juan Bautista, Series 2023 Bond Anticipation Notes (San Juan Bautista to Hollister Force Main Development Project), issued by the City on February 15, 2023.

“**Operation and Maintenance Expenses**” means the reasonable and necessary costs and expenses paid or incurred by the City for maintaining and operating the Wastewater System, determined in accordance with Generally Accepted Accounting Principles, including but not limited to (a) all associated treatment and disposal costs, (b) costs of electricity and other forms of energy supplied to the Wastewater System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Wastewater System in good repair and working order, (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Wastewater System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and (e) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof or of any resolution authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee for any such Parity Obligations and fees and expenses of accountants and independent engineers, but in all cases excluding (i) debt service payable on obligations incurred by the City with respect to the Wastewater System, (ii) costs of capital additions, replacements, betterments, extensions or improvements which under Generally Accepted Accounting Principles are chargeable to a capital account, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

“**Original Purchaser**” means the Government as the first purchaser of the Series 2025B Bonds (evidenced by a single fully registered Series 2025B Bond) upon their delivery by the Trust Administrator on the Closing Date.

“**Outstanding**,” when used as of any particular time with respect to Series 2025B Bonds, means (subject to the provisions of Section 10.03 of this Series 2025B Trust Agreement) all Series 2025B Bonds theretofore executed and delivered by the Trust Administrator under this Series 2025B Trust Agreement except:

(a) Series 2025B Bonds theretofore canceled by the Trust Administrator or surrendered to the Trust Administrator for cancellation;

(b) Series 2025B Bonds for the payment or prepayment of which funds or eligible securities in the necessary amount, including accrued interest thereon, shall have theretofore been deposited with the Trust Administrator (whether upon or prior to the maturity or prepayment date of such Series 2025B Bonds), provided that, if such Series 2025B Bonds are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in Section 4.03 of this Series

2025B Trust Agreement or provision satisfactory to the Trust Administrator shall have been made for the giving of such notice; and

(c) Series 2025B Bonds in lieu of or in exchange for which other Series 2025B Bonds shall have been executed and delivered by the Trust Administrator pursuant to Section 2.09 of this Series 2025B Trust Agreement.

“Owner” or **“Series 2025B Bond Owner”** or **“Registered Owner,”** or any similar term, means the person or entity in whose name a Series 2025B Bond shall be registered.

“Parity Obligations” means the Series 2015 Installment Sale Agreement, the Series 2025A Bonds, the Series 2025B Bonds and any other indebtedness or other obligation (including bonds, certificates, leases and installment sale agreements) hereafter issued or incurred in accordance with Section 3.09(b) of the Series 2025B Installment Sale Agreement and secured by a pledge of and lien on Net Revenues equally and ratably with the Series 2025B Installment Payments.

“Payment Instructions” means the written Irrevocable Payment Instructions dated as of September 1, 2025, given by the City to the Bank, directing the transfer of Series 2025B Bond Proceeds to the Bank to facilitate the corresponding prepayment of the 2023 Notes.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, provided that the same are of appropriate maturity and acquired at Fair Market Value:

(i) Federal Securities and any investment fund, including money market funds or other investment policy arrangement which purchases and holds exclusively Federal Securities;

(ii) Obligations issued by federal land banks or federal home loan banks; or obligations, participations, or other instruments issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or obligations, participations, or other instruments issued by a federal agency or a United States government-sponsored enterprise;

(iii) Investments in repurchase agreements under the terms of which the underlying collateral is transferred to the possession of the Trust Administrator of any securities authorized by paragraphs (i) and (ii) above which have a fair market value (valued at cost) at least equal to 105% of the amount invested in the repurchase agreement and are free of third party claims;

(iv) Nonnegotiable certificates of deposit issued by a nationally chartered bank, a bank chartered by the State of California or a foreign banking Authority, authorized pursuant to Section 1756 of the California Financial Code to transact business in the State of California by accepting deposits, or a State of California or federal savings and loan association, provided that such certificates of deposit are fully collateralized in the manner required for collateralization of trust funds;

(v) Any investment agreement, guarantee or other investment vehicle or security issued by, secured by or otherwise representing the general obligations of a financial institution whose long-term unsecured, uninsured and unguaranteed obligation or claims-paying ability is rated AA or better by any Rating Agency at the time of its issuance, provided that: (a) the

agreement is not subordinated to any other obligations of such financial institution; and (b) if the financial institution fails to maintain a rating of AA or better (without regard to gradations), the City and/or the Authority shall have the right to demand collateral in the form of securities authorized by paragraphs (i) and (ii) above pledged to secure the investment agreement. Such collateral shall be pledged through the Trust Administrator and shall have a fair market value (valued at cost) of at least 105% of the value of funds remaining in the investment agreement. Further, the City and/or the Authority shall have the right to withdraw all funds without penalty should the financial institution fail to provide collateral as required under this paragraph;

(vi) Investments otherwise defined in Section 53601 of the California Government Code, as amended from time to time; provided that the Trust Administrator shall not be obligated to invest in any form of investment pursuant to this subparagraph (vi) except upon receipt of a certificate of a City Representative that any directed investment to be made pursuant to this subparagraph (vi) meets this definition as set forth in this subparagraph (vi); and

(vii) The Local Agency Investment Fund of the State or any state administered pool investment fund in which the City is statutorily permitted or required to invest will be deemed a permitted investment.

“Prepayment” means any payment applied towards the prepayment of the Series 2025B Installment Payments, in whole or in part, pursuant to Article IV of the Series 2025B Installment Sale Agreement.

“Principal Amount” means the aggregate authorized principal amount of the Series 2025B Bonds which is \$3,268,000.

“Principal Component Payment” means each principal portion of each Series 2025B Installment Payment made pursuant to Section 2.03 hereof.

“Series 2025B Principal Fund” means the fund by that name established in Section 5.04 herein.

“Principal Payment Date” means April 1 of each year, commencing with April 1, 2026, and ending on April 1, 2065.

“Proceeds” when used with reference to the Series 2025B Bonds, means the face amount of the Series 2025B Bonds, plus accrued interest and premium, if any, and less original issue discount, if any.

“Series 2025B Project” means the improvements to the Wastewater System described in Exhibit A to the Series 2025B Installment Sale Agreement.

“Rating Category” means, with respect to any Permitted Investment, one or more of the generic categories of rating by S&P applicable to such Permitted Investment, without regard to any refinement or gradation of such rating category by a plus or minus sign.

“Regular Record Date” means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

“Series 2025B Redemption Account” means the account by that name established by the City pursuant to Section 4.3b(3) of the 2023 Financing Agreement.

“Series 2025B Reserve Fund” means the fund of that name established under Article VI of this Series 2025B Trust Agreement and held by the Trust Administrator.

“Series 2025B Reserve Installment Payments” means the amount required to be paid by the City to the Trust Administrator from Net Revenues pursuant to Section 3.11 of the Series 2025B Installment Sale Agreement, and which shall be applied to the Series 2025B Reserve Fund as set forth in Sections 6.01 through 6.06 herein.

“Series 2025B Reserve Requirement” means an amount required pursuant to Section 3.11 of the Series 2025B Installment Sale Agreement.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw-Hill, Inc., New York, New York, or its successors.

“Short-Lived Assets Series 2025B Reserve Fund” means the fund by that name established and maintained pursuant to Section 6.07 herein.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the Series 2025B Installment Payments.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Series 2025B Installment Sale Agreement or this Series 2025B Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Tax Code.

“Term of the Series 2025B Installment Sale Agreement” means the time during which the Series 2025B Installment Sale Agreement is in effect which begins on the Closing Date and ends on April 1, 2065, unless sooner terminated pursuant to the terms of the Series 2025B Installment Sale Agreement.

“Trust Administrator” means the City Manager of the City, or any successor thereto, acting as Trust Administrator pursuant to this Series 2025B Trust Agreement.

“Series 2025A Trust Agreement” means the Series 2025A Trust Agreement, dated as of September 1, 2025, by and among the Trust Administrator, the Authority and the City, together with any amendments or supplements thereto permitted to be made thereunder.

“Series 2025B Trust Agreement” means this Series 2025B Trust Agreement, dated as of September 1, 2025, by and among the Trust Administrator, the Authority and the City, together with any amendments or supplements thereto permitted to be made thereunder.

“Trust Office” means the office of the Trust Administrator at the offices of the City in San Juan Bautista, California, or at such other address designated by the Trust Administrator by written notice filed with the City and the Authority.

“Wastewater System” means, collectively, the whole and each and every part of the Wastewater System of the City, including all properties and assets, real and personal, tangible and intangible, of the City, now or hereafter existing, used or pertaining to the collection, transmission, treatment and disposal of wastewater existing on the date hereof, and including sewage treatment plants, outfall, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, transmission or disposal of sewage, and any necessary lands, rights of way and other real or personal property useful in connection therewith, and all additions, extensions, expansions, improvements and betterments thereto and equipments thereof; provided, that to the extent the City is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described Wastewater System purposes, only the City’s ownership, leasehold, easement or other interest in such asset or property or only the part of the asset or property so used for Wastewater System purposes shall be considered to be part of the Wastewater System.

“Written Certificate” of the City means a written certificate signed in the name of the City by a City Representative as contemplated by and containing the elements required by Section 1.03 of this Series 2025B Trust Agreement and Section 1.03 of the Series 2025B Installment Sale Agreement.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Series 2025B Trust Agreement, and has taken all actions necessary to authorize the execution of this Series 2025B Trust Agreement by the officers and persons signing it.

Section 1.03. Content of Written Certificates.

(a) Contents. Every Written Certificate provided for in this Series 2025B Trust Agreement with respect to compliance with any provision hereof, except Written Certificates delivered on the Closing Date and the certificate of destruction pursuant to Section 14.07, shall include (a) a statement that the person making or giving such Written Certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Written Certificate is based; (c) 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; (d) a statement of the assumptions upon which such Written Certificate is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

(b) Reliance. Any such Written Certificate made or given by a City Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such City Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such Written Certificate may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City, as the case may be) upon a certificate or opinion of or representation by a City Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person’s certificate or opinion or representation may be based, as aforesaid, is erroneous. The same City Representative, or the same counsel or accountant, as the case may be, need not

certify to all of the matters required to be certified under any provision of this Series 2025B Trust Agreement, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.04. Exhibits. The following Exhibits are attached to, and by this reference are made a part of, this Series 2025B Trust Agreement: Exhibit A (Form of Series 2025B Bond).

**ARTICLE II
THE SERIES 2025B WASTEWATER REVENUE BONDS**

Section 2.01. Authorization. The Trust Administrator is hereby authorized and directed upon written request from either the City or the Authority to execute and deliver, to the Original Purchaser, a single Series 2025B Bond in the Principal Amount evidencing undivided fractional interests in the Series 2025B Installment Payments and the Prepayments. The aggregate principal amount of the Series 2025B Bonds shall not in any case exceed the aggregate payments by the Original Purchaser therefor, as such payments and the dates thereof are endorsed on the single, fully registered Series 2025B Bond. No provision is made for the Series 2025B Bonds to be executed and delivered in blocks or phases as the Original Purchaser’s regulations for single delivery have been satisfactorily met.

Section 2.02. Date. Each Series 2025B Bond shall be dated as of the date of delivery thereof.

Section 2.03. Principal; Interest; Maturity. The Series 2025B Bonds shall mature on April 1 in the years and in the principal amounts as shown below (each, a “Principal Component Payment”). Interest with respect thereto shall be computed at the Interest Rate of 2.750% per annum, calculated on the basis of a 365-day year.

The annual Principal Component Payments are as follows:

Maturity Date	Principal Due	Maturity Date	Principal Due
04/1/2026	\$71,000	04/1/2046	\$78,000
04/1/2027	47,000	04/1/2047	80,000
04/1/2028	48,000	04/1/2048	83,000
04/1/2029	49,000	04/1/2049	85,000
04/1/2030	51,000	04/1/2050	87,000
04/1/2031	52,000	04/1/2051	90,000
04/1/2032	54,000	04/1/2052	92,000
04/1/2033	55,000	04/1/2053	95,000
04/1/2034	57,000	04/1/2054	97,000
04/1/2035	58,000	04/1/2055	100,000
04/1/2036	60,000	04/1/2056	103,000
04/1/2037	61,000	04/1/2057	105,000
04/1/2038	63,000	04/1/2058	108,000
04/1/2039	65,000	04/1/2059	111,000
04/1/2040	67,000	04/1/2060	114,000
04/1/2041	68,000	04/1/2061	118,000
04/1/2042	70,000	04/1/2062	121,000
04/1/2043	72,000	04/1/2063	124,000

04/1/2044	74,000	04/1/2064	128,000
04/1/2045	76,000	04/1/2065	131,000

Section 2.04. Interest. The interest evidenced and represented by the Series 2025B Bonds shall be payable on April 1 and October 1 of each year (each, an “Interest Payment Date”), commencing on April 1, 2026 and continuing to and including the Series 2025B Bond Maturity Date or upon prepayment prior thereto, and shall evidence and represent the sum of the portions of the Series 2025B Installment Payments designated as interest components (each, an “Interest Component Payment”) coming due on the Interest Payment Dates during the interest period immediately preceding each of the Interest Payment Dates. Interest shall be calculated with respect to the Original Purchaser’s aggregate payments for the single Series 2025B Bond from the respective date(s) of advances thereof, as such payments and dates thereof are endorsed on the single Series 2025B Bond and computed on the basis of a 365-day year (and actual days elapsed). Each Interest Component Payment shall be computed by multiplying the portion of Series 2025B Installment Payments designated as principal with respect to such Series 2025B Bond by the rate of interest applicable to such Series 2025B Bond.

Interest on any Series 2025B Bond shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless (i) such Series 2025B Bond is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) such Series 2025B Bond is executed after the close of business on the fifteenth (15th) day of the month immediately preceding the following Interest Payment Date and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) such Series 2025B Bond is executed on or before March 15, 2026, in which event interest shall be payable from the date of delivery thereof; provided, however, that if at the time of execution of any Series 2025B Bond, interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payment of interest with respect to any Series 2025B Bond shall be made to the person appearing on the Series 2025B Bond Register of the Trust Administrator as the Owner thereof as of the fifteenth (15th) day of the month preceding such Interest Payment Date, such interest to be paid as specified in Section 2.09 hereof.

Section 2.05. Form of Series 2025B Bond; Legends. The Series 2025B Bonds shall be delivered in the form of a fully registered Series 2025B Bond, without coupons, in the Denomination Amount or any integral multiple thereof, except that one annual amount may be any odd amount, and no Series 2025B Bond may have principal maturing in more than one year. The Series 2025B Bonds shall be numbered in such manner as the Trust Administrator deems appropriate. At the option of the Original Purchaser of the Series 2025B Bonds, a single, fully-registered Series 2025B Bond may be executed and delivered, in lieu of serial, registered Series 2025B Bonds, which single Series 2025B Bond shall mature in installments of the same principal amounts and on the same dates as the registered Series 2025B Bonds it represents. The single Series 2025B Bond shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein. The Series 2025B Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Series 2025B Trust Agreement as may be necessary or desirable to comply with custom, or otherwise.

Section 2.06. Execution and Authentication. The Series 2025B Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signature of its Chair, Vice Chair or Treasurer, and shall be delivered to the Trust Administrator for authentication. In case any officer of the Authority who

shall have signed any of the Series 2025B Bonds shall cease to be such officer before the Series 2025B Bonds so signed shall have been authenticated or delivered by the Trust Administrator or issued by the Authority, such Series 2025B Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority.

Only such of the Series 2025B Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually or by facsimile signature authenticated on behalf of the Trust Administrator, shall be valid or obligatory for any purpose or entitled to the benefits of this Series 2025B Trust Agreement, and such certificate of the Trust Administrator shall be conclusive evidence that the Series 2025B Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Series 2025B Trust Agreement.

Section 2.07. Transfer and Exchange. The following shall apply to transfers and exchanges of Series 2025B Bonds, provided that no transfer or exchange of Series 2025B Bonds shall be required to be made during the fifteen (15) days prior to the date of selection of Series 2025B Bonds for prepayment, or of any Series 2025B Bond selected for prepayment:

(a) **Transfer of Series 2025B Bonds.** Any Series 2025B Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.11 hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2025B Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trust Administrator, duly executed. Whenever any Series 2025B Bond shall be surrendered for transfer, the Trust Administrator shall deliver a new Series 2025B Bond or Series 2025B Bonds of the same maturity, interest rate and aggregate principal amount in authorized denominations to the transferee thereof. The Trust Administrator may require the payment by the Series 2025B Bond Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(b) **Exchange of Series 2025B Bonds.** Any Series 2025B Bond may be exchanged at the Trust Office, for a like aggregate principal amount of Series 2025B Bonds of other authorized denominations of the same maturity. The Trust Administrator may require the payment by the Series 2025B Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Notwithstanding anything herein or elsewhere to the contrary, there shall be not any transfers or exchanges while Government is owner, unless requested by the Government.

Section 2.08. Series 2025B Bond Mutilated, Lost, Destroyed or Stolen. If any Series 2025B Bond shall become mutilated, the Trust Administrator, at the expense of the Owner of said Series 2025B Bond, shall execute and deliver a new Series 2025B Bond of like maturity and principal amount in authorized denominations in exchange and substitution for the Series 2025B Bond so mutilated, but only upon surrender to the Trust Administrator of the Series 2025B Bond so mutilated. Every mutilated Series 2025B Bond so surrendered to the Trust Administrator shall be canceled by it and destroyed in accordance with Section 14.07 hereof, and the Trust Administrator shall deliver a certificate of destruction to the City. If any Series 2025B Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trust Administrator and, if such evidence is satisfactory to the Trust Administrator and

if an indemnity satisfactory to the Trust Administrator and the Authority shall be given, the Trust Administrator, at the expense of the Series 2025B Bond Owner, shall execute and deliver a new Series 2025B Bond of like tenor and maturity and numbered as the Trust Administrator shall determine in lieu of and in substitution for the Series 2025B Bond so lost, destroyed or stolen. The Trust Administrator may require payment of an appropriate fee for each new Series 2025B Bond delivered under this Section 2.08 and of the expenses which may be incurred by the Trust Administrator in carrying out the duties under this Section 2.08. Any Series 2025B Bond delivered under the provisions of this Section 2.08 in lieu of any Series 2025B Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Series 2025B Trust Agreement with all other Series 2025B Bond secured by this Series 2025B Trust Agreement. The Trust Administrator shall not be required to treat both the original Series 2025B Bond and any substitute Series 2025B Bond as being Outstanding for the purpose of determining the principal amount of Series 2025B Bond which may be executed and delivered hereunder or for the purpose of determining any percentage of Series 2025B Bond Outstanding hereunder; the Trust Administrator shall consider only the substitute Series 2025B Bond as Outstanding for such purpose. Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Series 2025B Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trust Administrator may make payment with respect to such Series 2025B Bond upon receipt of indemnity satisfactory to the Trust Administrator.

Section 2.09. Payment. Except as otherwise provided herein, payment of interest due with respect to any Series 2025B Bond on any Interest Payment Date shall be made to the person appearing on the Series 2025B Bond Register as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his address as it appears on the Series 2025B Bond Register as of such Regular Record Date. The principal and prepayment price with respect to a Series 2025B Bond at maturity or upon prior prepayment shall be payable by check denominated in lawful money of the United States of America upon surrender of the Series 2025B Bond at the Trust Office. If the Government is the Owner of the single, fully-registered Series 2025B Bond, surrender shall not be required for payment, except for final payment, and payment of principal shall be made on each Principal Payment Date and payment of interest shall be made on each Interest Payment Date to the Registered Owner, unless otherwise requested by the Registered Owner, by the Pre-Authorized Debit (PAD) payment process (i.e., the City's payments shall be electronically debited from the Series 2025B Installment Payment Fund on each Interest Payment Date in accordance with the PAD process established by Form SF-5510 and Form RD 3550-28, both entitled "Authorization Agreement for Pre-Authorized Payments").

Section 2.10. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Series 2025B Trust Agreement to be signed or executed by Series 2025B Bond Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Series 2025B Bond. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Series 2025B Bonds shall be sufficient for any purpose of this Series 2025B Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or such Owner's attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or

trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before such notary or officer the execution thereof. Where any such instrument is executed by an officer of a Authority or association or a member of a partnership on behalf of such Authority, association or partnership, such certificate shall also constitute sufficient proof of the authority of such officer or member.

(b) The fact of the holding of a Series 2025B Bond by any Owner and the amount, the maturity and the numbers of such Series 2025B Bond and the date of the Owner's holding the same may be proved by reference to the Series 2025B Bond Register maintained by the Trust Administrator provided for in Section 2.11 hereof. The Trust Administrator may conclusively assume that such ownership continues until transfer as provided in Section 2.07(a) hereof.

(c) Nothing contained in this Article II shall be construed as limiting the Trust Administrator to such proof, it being intended that the Trust Administrator may accept any other evidence of the matters herein stated which the Trust Administrator may deem sufficient. Any request or consent of the Owner of any Series 2025B Bond shall bind every future Owner of the same Series 2025B Bond in respect of anything done or suffered to be done by the Trust Administrator in pursuance of such request or consent.

Section 2.11. Series 2025B Bond Register. The Trust Administrator will keep or cause to be kept, at the Trust Office, sufficient books for the registration and transfer of the Series 2025B Bonds which shall be open at all reasonable times with reasonable prior notice during normal business hours of the Trust Administrator to inspection by the City and the Authority; and, upon presentation for such purpose, the Trust Administrator shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series 2025B Bonds as hereinbefore provided.

Section 2.12. CUSIP Numbers. The Trust Administrator, the City and the Authority shall not be liable for any defect or inaccuracy in any CUSIP number that appears on any Series 2025B Bond or in any prepayment notice. The Trust Administrator may, in its discretion, include in any prepayment notice a statement to the effect that any CUSIP numbers on the Series 2025B Bond have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trust Administrator, the City nor the Authority shall be liable for any inaccuracies in such numbers. CUSIP numbers shall not be required if the Government is the Original Purchaser of a single, fully registered Series 2025B Bond.

ARTICLE III SERIES 2025B REDEMPTION ACCOUNT

Section 3.01. Series 2025B Redemption Account. The City has heretofore established the Series 2025B Redemption Account and shall continue to keep such fund separate and apart from all other funds and moneys held by the City; and shall administer such account as provided herein. There shall be deposited in the Series 2025B Redemption Account all of the proceeds of sale of the Series 2025B Bonds (other than the Delivery Costs).

Section 3.02. Prepayment of the 2023 Notes.

(a) Except as provided in subsection (b) below and in Section 3.03, amounts in the Series 2025B Redemption Account shall be disbursed in accordance with the Payment Instructions. Disbursements from the Series 2025B Redemption Account shall be made by the City immediately upon receipt of the proceeds of sale of the Series 2025B Bonds to USDA as the Original Purchaser of the Series 2025B Bonds.

(b) The City shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Series 2025B Redemption Account and the payment thereof in accordance with this Section 3.02.

Section 3.03. Payment of Delivery Costs. The City shall be responsible for the payment of all Delivery Costs upon receipt of each sequentially numbered requisition, with bills, invoices or statements attached, signed by a City Representative setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the name and address of the person or persons to whom said amounts are to be disbursed.

**ARTICLE IV
PREPAYMENT OF SERIES 2025B BONDS**

Section 4.01. Prepayment.

(a) **Generally.** The Series 2025B Bonds shall not be subject to prepayment prior to maturity, except in the manner, at the times and in all respects in accordance with the provisions of this Article IV.

(b) **Prepayment from Net Proceeds of Insurance and Condemnation and from Unexpended Proceeds.** The Series 2025B Bonds are subject to prepayment in whole on any date and in part on any Interest Payment Date from the (i) Net Proceeds of any insurance or condemnation award and (ii) Unexpended Proceeds, which are, in either case deposited in the Series 2025B Installment Payment Fund and credited towards the prepayment made by the City pursuant to Section 4.03 of the Series 2025B Installment Sale Agreement, at a prepayment price equal to the principal amount thereof, together with accrued interest to the date fixed for prepayment, without premium.

(c) **Optional Prepayment.** In addition, the Series 2025B Bonds are subject to prepayment in whole or in part at any time, at the principal amount with respect thereto, without premium, and with accrued interest to the date fixed for prepayment from the proceeds of optional prepayments made by the City pursuant to the Series 2025B Installment Sale Agreement:

Section 4.02. Selection of Series 2025B Bonds for Prepayment. Whenever provision is made in this Series 2025B Trust Agreement for the prepayment of Series 2025B Bonds and less than all Outstanding Series 2025B Bonds are called for prepayment, the Trust Administrator shall select Series 2025B Bonds for prepayment in inverse order of maturity, unless otherwise requested by City and agreed to by Original Purchaser in its reasonable discretion, as long as the Original Purchaser is the sole owner of all then

Outstanding 2025B Bonds. The Trust Administrator shall promptly notify the City and the Authority in writing of the Series 2025B Bonds so selected for prepayment, and the City or the Authority shall immediately thereafter revise Exhibit B of the Series 2025B Installment Sale Agreement to reflect such prepayment and shall be and become for all purposes thereafter the “Amended Exhibit B to the Series 2025B Installment Sale Agreement.”

Section 4.03. Notice of Prepayment.

(a) **General.** Notice of any such prepayment shall be given by the Trust Administrator on behalf and at the expense of the City by mailing a copy of a prepayment notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for prepayment to such Owner of the Series 2025B Bond or Series 2025B Bonds to be redeemed at the address shown on the Series 2025B Bond Register maintained by the Trust Administrator; provided, however, that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the prepayment of the Series 2025B Bonds.

(b) **Contents.** All notices of prepayment shall be dated and shall state: (i) the prepayment date, (ii) the prepayment price, (iii) if less than all Outstanding Series 2025B Bonds are to be prepaid, the identification (and, in the case of partial prepayment, the respective principal amounts) of the Series 2025B Bonds to be prepaid, (iv) that on the prepayment date the prepayment price will become due and payable with respect to each such Series 2025B Bond or portion thereof called for prepayment, and that interest with respect thereto shall cease to accrue from and after said date, (v) the place where such Series 2025B Bonds are to be surrendered for payment of the prepayment price, which place of payment shall be the Trust Office.

(c) **Deposit.** Prior to the mailing of any prepayment notice (other than a prepayment notice relating to Series 2025B Bonds that are to be refunded with the proceeds of refunding Series 2025B Bonds or other refunding obligations), the City shall deposit, or cause to be deposited, with the Trust Administrator an amount of money sufficient to pay the prepayment price of all the Series 2025B Bonds or portions of Series 2025B Bonds which are to be prepaid on the applicable prepayment date. In the case of a prepayment notice relating to Series 2025B Bonds that are to be refunded, the City shall deposit, or cause to be deposited, with the Trust Administrator on or prior to the applicable prepayment date, an amount of money sufficient to pay the prepayment price of all the Series 2025B Bonds or portions of Series 2025B Bonds which are to be prepaid on such prepayment date.

(d) **Prepayment.** Notice of prepayment having been given as aforesaid, the Series 2025B Bonds or portions of Series 2025B Bonds so to be redeemed shall, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date (so long as the City makes full payment of the prepayment price) interest with respect to such Series 2025B Bonds or portions of Series 2025B Bonds shall cease to be payable. Upon surrender of such Series 2025B Bonds for prepayment in accordance with said notice, such Series 2025B Bonds shall be paid by the Trust Administrator at the prepayment price. Installments of interest due on or prior to the prepayment date shall be payable as herein provided for payment of interest. Upon surrender for any partial prepayment of any Series 2025B Bond, there shall be executed and delivered for the Owner a new Series 2025B Bond or Series 2025B Bonds of the same maturity in the amount of the unprepaid principal. All Series 2025B Bonds which have been prepaid shall be canceled by the

Trust Administrator, shall not be reissued, and shall be destroyed pursuant to Section 14.07. If the Government is the Owner, prepayment shall be endorsed on the single, fully registered Series 2025B Bond registered to the Government.

(e) **CUSIP.** The Trust Administrator shall have no responsibility for a defect in any CUSIP number that appears on any Series 2025B Bond or in the prepayment notice. The prepayment notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Series 2025B Bond Owners and that the Trust Administrator and the City shall not be liable in any way for inaccuracies in said numbers.

Section 4.04. Partial Prepayment of Series 2025B Bonds. Upon surrender of any Series 2025B Bond prepaid in part only, the Trust Administrator shall execute and deliver to the Owner thereof, at the expense of the City, a new Series 2025B Bond or Series 2025B Bonds of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Series 2025B Bond surrendered and of the same interest rate and the same maturity.

Section 4.05. Effect of Notice of Prepayment. After notice has been given and the moneys for the prepayment, including interest to the applicable Interest Payment Date and premium, if any, having been set aside in the Series 2025B Installment Payment Fund, the Series 2025B Bond to be redeemed shall become due and payable on the Interest Payment Date, and, upon presentation and surrender thereof at the Trust Office specified in such notice, such Series 2025B Bond shall be paid at the unpaid principal amount with respect thereto, and any unpaid and accrued interest to the Interest Payment Date.

If, on the Interest Payment Date, moneys for the prepayment of all of the principal of the Series 2025B Bond to be prepaid, together with interest to such Interest Payment Date, shall be held by the Trust Administrator so as to be available therefor on such Interest Payment Date, and, if notice of prepayment thereof shall have been given, then, from and after such Interest Payment Date, interest with respect to the Series 2025B Bond to be prepaid shall cease to accrue and become payable. If such moneys shall not be so available on the Interest Payment Date, interest with respect to such Series 2025B Bond shall continue to be payable at the same rates as it would have been payable had the Series 2025B Bond not been called for prepayment. All moneys held by or on behalf of the Trust Administrator for the prepayment of a particular Series 2025B Bond shall be held in trust for the account of the Owner of the Series 2025B Bond so to be prepaid. The Trust Administrator shall not be liable for any interest earned on the amounts so held.

Section 4.06. Purchase of Series 2025B Bonds. In lieu of prepayment of Series 2025B Bonds as provided in this Article IV, amounts held by the Trust Administrator for such prepayment may also be used on any Interest Payment Date, upon receipt by the Trust Administrator at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of a City Representative, for the purchase of Series 2025B Bonds at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the City may in its discretion direct, but not to exceed the prepayment price which would be payable if such Series 2025B Bonds were prepaid; *provided, however*, that no Series 2025B Bond shall be purchased in lieu of prepayment with a trade settlement date less than seventy-five (75) days prior to the relevant prepayment date. The aggregate principal number of Series 2025B Bonds of the same maturity purchased in lieu of prepayment pursuant to this Section 4.06 shall not exceed the aggregate principal amount of Series 2025B Bonds of such maturity which would otherwise be subject to such prepayment. Remaining moneys, if any, shall be deposited in the Series 2025B Installment Payment Fund.

ARTICLE V

SERIES 2025B INSTALLMENT PAYMENTS; SERIES 2025B INSTALLMENT PAYMENT FUND

Section 5.01. Assignment of Rights in Series 2025B Installment Sale Agreement. The Authority has, pursuant to the Series 2025B Assignment Agreement, transferred, assigned and set over to the Trust Administrator all of its rights, title and interest in the Series 2025B Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including but not limited to all of the Authority's rights to receive and collect all of the Series 2025B Installment Payments, any Prepayment and all other amounts required to be deposited in the Series 2025B Installment Payment Fund pursuant to the Series 2025B Installment Sale Agreement or pursuant hereto. All Series 2025B Installment Payments, any Prepayment and such other amounts which the Authority may at any time be entitled, shall be paid directly to the Trust Administrator and, in the event of the receipt or collection of Series 2025B Installment Payments by the Authority, such payments shall be deemed to be held or to have been collected or received by the Authority as agent of the Trust Administrator.

Section 5.02. Establishment of Series 2025B Installment Payment Fund. The Trust Administrator shall establish the Series 2025B Installment Payment Fund. All moneys at any time deposited by the Trust Administrator in the Series 2025B Installment Payment Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Series 2025B Bonds. So long as any Series 2025B Bonds are Outstanding, neither the City nor the Authority shall have any beneficial right or interest in the Series 2025B Installment Payment Fund or the moneys deposited therein, except only as provided in this Series 2025B Trust Agreement, and such moneys shall be used and applied by the Trust Administrator as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Series 2025B Installment Payment Fund all Series 2025B Installment Payments, Series 2025B Reserve Installment Payments and Prepayments received by the Trust Administrator, including any moneys received by the Trust Administrator for deposit therein pursuant to Sections 4.01, 5.05, 6.02, hereof or Article IV of the Series 2025B Installment Sale Agreement, and any other moneys required to be deposited therein pursuant to the Series 2025B Installment Sale Agreement or pursuant to this Series 2025B Trust Agreement.

Section 5.04. Application of Moneys in the Series 2025B Installment Payment Fund. All amounts in the Series 2025B Installment Payment Fund shall be used to (i) pay any billed delinquent interest, (ii) pay any past due interest installments, (iii) pay any past due principal installments, and (iv) to deposit in the following respective funds (each of which is hereby created and each of which the Trust Administrator, the Authority or the City hereby covenants and agrees to cause to be maintained so long as any Series 2025B Bonds are Outstanding) at the following times and in the following order of priority, and the moneys in each of such funds shall be applied, used and withdrawn only for the purposes and uses hereinafter authorized.

- (1) Series 2025B Interest Fund;
- (2) Series 2025B Principal Fund;
- (3) Series 2025B Reserve Fund; and

(4) Short-Lived Assets Series 2025B Reserve Fund.

(a) **Series 2025B Interest Fund.** The Trust Administrator shall transfer from the Series 2025B Installment Payment Fund and deposit in the Series 2025B Interest Fund for receipt before April 1 and October 1 of each year (each, an “Interest Payment Date”), beginning on April 1, 2026, an amount of money from the Series 2025B Installment Payment Fund which is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Series 2025B Bonds on such Interest Payment Date. No deposit need be made into the Series 2025B Interest Fund if the amount contained therein is at least equal to the amount of the interest becoming due and payable on all Outstanding Series 2025B Bonds on such Interest Payment Date. All money in the Series 2025B Interest Fund shall be used and withdrawn by the Trust Administrator solely for the purpose of paying the interest on the Outstanding Series 2025B Bonds; provided that any earnings on deposit in the Series 2025B Interest Fund after payment of interest on Series 2025B Bonds on an Interest Payment Date shall be transferred to the Series 2025B Installment Payment Fund.

(b) **Series 2025B Principal Fund.** The Trust Administrator shall deposit in the Series 2025B Principal Fund before April 1 of each year, an amount of money from the Series 2025B Installment Payment Fund equal to the Principal Component Payment payable on such Principal Payment Date. All money in the Series 2025B Principal Fund shall be used by the Trust Administrator to pay or purchase the Series 2025B Bonds in accordance with Article IV hereof; provided that any earnings on deposit in the Series 2025B Principal Fund after payment of Principal Component Payment of the Series 2025B Bonds on a Principal Payment Date shall be transferred to the Series 2025B Installment Payment Fund.

(c) **Series 2025B Reserve Fund.** All moneys at any time on deposit in the Series 2025B Reserve Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Series 2025B Bonds, and applied solely as provided in Article VI herein.

(d) **Short-Lived Assets Series 2025B Reserve Fund.** All moneys at any time on deposit in the Short-Lived Assets Series 2025B Reserve Fund shall be held by the Trust Administrator, and applied solely as provided in Article VI herein.

Section 5.05. Surplus. Any surplus remaining in the Series 2025B Installment Payment Fund, after payment of all Series 2025B Bonds after each Principal Payment Date, and accrued interest (if any) and payment of any applicable fees, costs and expenses to the Trust Administrator, or provision for such prepayment or payment having been made to the satisfaction of the Trust Administrator, shall be withdrawn by the Trust Administrator and remitted to the City.

ARTICLE VI SERIES 2025B RESERVE FUNDS

Section 6.01. Establishment of Series 2025B Reserve Fund. The Trust Administrator shall establish the Series 2025B Reserve Fund and shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator. All moneys at any time on deposit in the Series 2025B Reserve Fund shall be held by the Trust Administrator in trust for the benefit of the Owners of the Series 2025B Bonds, and applied solely as provided herein.

Section 6.02. Deposits. There shall be deposited in the Series 2025B Reserve Fund the amounts specified in Section 3.11 of the Series 2025B Installment Sale Agreement.

Section 6.03. Transfers. The Trust Administrator shall, on or before each April 1 and October 1, transfer any moneys in the Series 2025B Reserve Fund in excess of the Series 2025B Reserve Requirement as provided in Section 8.03 hereof.

Section 6.04. Application in Event of Deficiency in the Series 2025B Installment Payment Fund. If, on any Interest Payment Date, the moneys available in the Series 2025B Installment Payment Fund do not equal the amount of the principal, interest and prepayment premium (if any) with respect to the Series 2025B Bonds then coming due and payable, with prior written concurrence from the Government first had and obtained, the Trust Administrator shall apply the moneys available in the Series 2025B Reserve Fund to make delinquent Series 2025B Installment Payments on behalf of the City and transfer the amount necessary for this purpose to the Series 2025B Installment Payment Fund. Upon receipt of any delinquent Series 2025B Installment Payment with respect to which moneys have been advanced from the Series 2025B Reserve Fund such Series 2025B Installment Payment shall be deposited in the Series 2025B Reserve Fund to the extent of such advance.

Section 6.05. Transfer to Make All Series 2025B Installment Payments. If on any Series 2025B Installment Payment Date, the moneys on hand in the Series 2025B Reserve Fund and the Series 2025B Installment Payment Fund are sufficient to pay all Outstanding Series 2025B Bonds, including all principal and interest the Trust Administrator shall, upon the written direction of a City Representative, accompanied by all amounts then on hand in the Series 2025B Reserve Fund, deposit such funds in the Series 2025B Installment Payment Fund to be applied to the payment of the Series 2025B Installment Payments or Prepayments on behalf of the City, and such moneys shall be distributed to the Owners of the Series 2025B Bonds in accordance with Article II and Article IV of this Series 2025B Trust Agreement.

Section 6.06. Replenishment of Series 2025B Reserve Fund. The City shall maintain or cause to be maintained in the Series 2025B Reserve Fund an amount equal to the amounts required to be deposited therein pursuant to Section 3.11 of the Series 2025B Installment Sale Agreement, and thereafter the amount of the Series 2025B Reserve Requirement. If, on any date of computation, amounts on hand in the Series 2025B Reserve Fund are less than such required amounts because of a transfer therefrom made in accordance with Section 6.04 hereof, the City shall pay to the Trust Administrator, within one (1) year from the date of such deficiency, an amount necessary to bring the amounts on deposit in the Series 2025B Reserve Fund to the amount required to be maintained therein; provided, however, that the period of time permitted herein for the replenishment of the Series 2025B Reserve Fund by the City shall not affect any other provision of this Series 2025B Trust Agreement.

Section 6.07. Establishment and Application of Short-Lived Assets Series 2025B Reserve Fund. The Trust Administrator shall establish and maintain a separate “Short-Lived Assets Series 2025B Reserve Fund” as a special reserve fund for repair and/or replacement of short-lived assets of the Wastewater System, and shall keep such fund separate and apart from all other funds and moneys held by the Trust Administrator.

The Short-Lived Assets Series 2025B Reserve Fund shall be administered in accordance with Section 3.12 of the Series 2025B Installment Sale Agreement.

Upon the redemption in full of all outstanding Series 2025B Bonds, the City shall close the Short-Lived Assets Series 2025B Reserve Fund and the balance therein shall be released to the City and used for any legally permissible purpose of the Wastewater System.

ARTICLE VII INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN

Section 7.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award. Any Net Proceeds of insurance against accident to or destruction of any structure constituting any part of the Series 2025B Project collected by the City in the event of any such accident or destruction shall be transferred by the City to the Trust Administrator pursuant to Section 5.07 of the Series 2025B Installment Sale Agreement and the Trust Administrator shall deposit such moneys in a special fund designated as the “Insurance and Condemnation Fund” to be applied and disbursed by the Trust Administrator as provided in Section 5.07(a) of the Series 2025B Installment Sale Agreement.

Section 7.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Series 2025B Project shall be taken by eminent domain (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be transferred by the City to the Trust Administrator for deposit in the Insurance and Condemnation Fund pursuant to Section 5.07(b) of the Series 2025B Installment Sale Agreement and shall be applied and disbursed by the Trust Administrator as follows:

(a) If the City determines that such eminent domain proceedings have not materially affected the operation of the Series 2025B Project, or the ability of the City to meet any of its obligations under the Series 2025B Installment Sale Agreement, and if the City determines that such proceeds are: (i) not needed for repair, replacement or rehabilitation of the Series 2025B Project, upon receipt of a Written Certificate from the City the Trust Administrator shall transfer such proceeds to the Series 2025B Installment Payment Fund to be credited towards the prepayments required to be paid pursuant to Section 4.03 of the Series 2025B Installment Sale Agreement and applied to the prepayment of Series 2025B Bonds in the manner provided in Article IV hereof, or (ii) needed for repair or rehabilitation of the Series 2025B Project, upon receipt of a Written Certificate from the City the Trust Administrator shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation, upon the filing of requisitions of the City Representative.

(b) If (i) less than all of the Series 2025B Project shall have been taken in such eminent domain proceedings, and if the City determines that such eminent domain proceedings have materially affected the operation of the Series 2025B Project or the ability of the City to meet any of its obligations under the Series 2025B Installment Sale Agreement or (ii) all of the Series 2025B Project shall have been taken in such eminent domain proceedings, then upon receipt of written instruction from the City the Trust Administrator shall transfer such proceeds to the Series 2025B Installment Payment Fund to be credited toward the prepayment required to be paid

pursuant to Section 4.03 of the Series 2025B Installment Sale Agreement and applied to the prepayment of Series 2025B Bonds in the manner provided in Article IV hereof.

Section 7.03. Excess Net Proceeds. After all of the Series 2025B Bonds have been retired and the entire amount of principal and interest with respect to the Series 2025B Bonds and any remaining fees and expenses of the Trust Administrator have been paid in full, the Trust Administrator shall transfer any remaining funds to the City.

Section 7.04. Cooperation. The Authority shall cooperate with the City at the expense of the City in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Series 2025B Installment Sale Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Series 2025B Project or any part thereof.

ARTICLE VIII MONEYS IN FUNDS; INVESTMENT

Section 8.01. Held in Trust. The moneys and investments held by the Trust Administrator under this Series 2025B Trust Agreement, except for those held in the Series 2025B Redemption Account, are irrevocably held in trust for the benefit of the Owner(s) of the Series 2025B Bonds, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Series 2025B Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either the Authority, the Trust Administrator or the City or any Owner of a Series 2025B Bond, or any of them until after the Series 2025B Bonds have been paid in full.

Section 8.02. Investments Authorized. Moneys held by the Trust Administrator hereunder shall be invested and reinvested by the Trust Administrator, to the maximum extent practicable, in Permitted Investments. Unless otherwise directed, the Trust Administrator shall invest the affected moneys in Permitted Investments described in paragraph (vii) of the definition thereof. A City Representative may, by written order filed with the Trust Administrator, direct investment of moneys held by the Trust Administrator in specific Permitted Investments. Investments purchased with moneys on deposit in the Series 2025B Reserve Fund shall have a term not greater than five years. Investments, if registrable, shall be registered in the name of and held by the Trust Administrator or the Trust Administrator's nominee. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trust Administrator may act as principal or agent in the making or disposing of any investment. The Trust Administrator shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Article VIII. The Trust Administrator shall be entitled to rely conclusively upon the written instructions of a City Representative directing investments as to the fact that each investment is permitted by the laws of the State and constitutes a Permitted Investment hereunder, and the Trust Administrator shall not be required to make further investigation with respect thereto. To the extent that any of the requirements concerning any Permitted Investment embodies a legal conclusion, the Trust Administrator shall be entitled to conclusively rely upon a Written Certificate or certificate from the appropriate party or an opinion of counsel to such party that such requirement has been met.

Section 8.03. Allocation of Earnings. All interest or income received by the Trust Administrator on investment of the Series 2025B Redemption Account and Series 2025B Installment Payment Fund shall,

as received, be retained in the applicable fund. Amounts retained in the Series 2025B Installment Payment Fund pursuant to this Section 8.03 shall be applied as a credit against the Series 2025B Installment Payment due by the City pursuant to the Series 2025B Installment Sale Agreement on the Series 2025B Installment Payment Date following the date of deposit. All interest or income received by the Trust Administrator on investment of the Series 2025B Reserve Fund shall be retained in the Series 2025B Reserve Fund in the event that amounts on deposit in the Series 2025B Reserve Fund are less than the Series 2025B Reserve Requirement. Pursuant to Section 6.03 hereof, in the event that amounts then on deposit in the Series 2025B Reserve Fund equal or exceed the Series 2025B Reserve Requirement, such excess shall be transferred to the Series 2025B Installment Payment Fund and shall be applied as a credit against the Series 2025B Installment Payment due by the City pursuant to the Series 2025B Installment Sale Agreement on the Series 2025B Installment Payment Date following the date of deposit. Transfers to the Series 2025B Installment Payment Fund from the Series 2025B Reserve Fund shall be made by the Trust Administrator on or prior to each Series 2025B Installment Payment Date.

Section 8.04. Accounting. The Trust Administrator shall furnish to the City a semi-annual accounting of all investments, transactions and disbursements made by the Trust Administrator.

Section 8.05. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 8.05, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Series 2025B Trust Agreement, or otherwise containing gross proceeds of the Series 2025B Bonds (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Series 2025B Trust Agreement or the Tax Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the Series 2025B Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Tax Code).

**ARTICLE IX
THE TRUST ADMINISTRATOR**

Section 9.01. Appointment of Trust Administrator. The Trust Administrator is hereby appointed by the Authority and the City for the purpose of receiving all moneys required to be deposited with the Trust Administrator hereunder and to allocate, use and apply the same as provided in this Series 2025B Trust Agreement.

(a) **General.** The Trust Administrator is hereby authorized to pay or redeem the Series 2025B Bonds when duly presented for payment at maturity, or on prepayment, and to cancel all Series 2025B Bonds upon payment thereof. The Trust Administrator shall keep accurate records of all funds administered by it and of all Series 2025B Bonds paid and discharged. The Trust Administrator shall be compensated for its services rendered pursuant to the provisions of this Series 2025B Trust Agreement and shall be reimbursed for costs and expenses, including attorney's

fees, incurred in connection therewith, subject to the provisions of any written agreement between the Trust Administrator and the City.

(b) Successor. So long as no Event of Default shall have occurred and be continuing, the City may, with the written consent of the Owners, remove the Trust Administrator initially appointed, and any successor thereto, on thirty (30) days written notice and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company which shall be a corporation organized and doing business under the laws of any state, the City or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority, so long as any Series 2025B Bonds are Outstanding. If such corporation 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 Section 9.01 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trust Administrator shall not be effective until written acceptance of appointment by the successor Trust Administrator.

(c) Resignation. The Trust Administrator may at any time resign by giving written notice to Authority and the City and by providing notice by first class mail, postage prepaid, to the Owners at their addresses as shown on the Series 2025B Bond Register maintained by the Trust Administrator. Said mailing shall be made prior to the proposed effective date of resignation. Upon receiving such notice of resignation, the City, with the written consent of the Owners, shall promptly appoint a successor Trust Administrator by an instrument in writing; *provided, however*, that in the event that the City does not appoint a successor Trust Administrator within thirty (30) days following receipt of such notice of resignation, the Authority may appoint a successor Trust Administrator and in the event that Authority does not appoint such successor Trust Administrator, the resigning Trust Administrator, at the expense of the City, may petition any appropriate court having jurisdiction to appoint a successor Trust Administrator. Any resignation or removal of the Trust Administrator and appointment of a successor Trust Administrator shall become effective upon acceptance of appointment by the successor Trust Administrator and receipt by the Trust Administrator of any fees and expenses due and payable to it.

Section 9.02. Liability of Trust Administrator. The recitals of facts, covenants and agreements herein and in the Series 2025B Bonds contained shall be taken as statements, covenants and agreements of Authority and the City, and the Trust Administrator neither assumes any responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Series 2025B Trust Agreement or of the Series 2025B Bonds nor shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Series 2025B Bonds assigned to or imposed upon the Trust Administrator.

Section 9.03. Merger or Consolidation. Any company into which the Trust Administrator may be merged or converted or with which any of them may be consolidated or any company resulting from any merger, conversion or consolidation to which any of them shall be a party or any company to which the Trust Administrator may sell or transfer all or substantially all of its corporate trust business, provided that

such company shall be eligible under Section 9.01, shall be the successor to the Trust Administrator without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 9.04. Protection and Rights of the Trust Administrator. The following provisions shall apply to the Trust Administrator in the event the Trust Administrator is not then an officer or employee of the City and shall also apply to the Trust Administrator in the event the Trust Administrator is then an officer or employee of the City, but only to the extent that such provisions do not conflict with such Trust Administrator's duties as a City officer or employee.

(a) **Good Faith.** The Trust Administrator shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Series 2025B Trust Agreement, and the Trust Administrator shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

(b) **Ownership Claims.** The Trust Administrator shall not be bound to recognize any person as an Owner of any Series 2025B Bond or to take any action at such Owner's request unless such Series 2025B Bond shall be deposited with the Trust Administrator or satisfactory evidence of the ownership of such Series 2025B Bond shall be furnished to the Trust Administrator.

(c) **Counsel.** The Trust Administrator may consult with counsel, who may be counsel to the City, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(d) **Proof.** Whenever in the administration of its duties under this Series 2025B Trust Agreement, the Trust Administrator shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the Written Certificate of the City Representative or Authority Representative and such Written Certificate shall be full warranty to the Trust Administrator for any action taken or suffered under the provisions of this Series 2025B Trust Agreement upon the faith thereof, but in its discretion the Trust Administrator may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(e) **Owner.** The Trust Administrator may become the Owner of Series 2025B Bonds with the same rights it would have if it were not Trust Administrator; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trust Administrator; and may act as a 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 Owners of Series 2025B Bonds, whether or not such committee shall represent the Owners of the majority in principal amount of the Series 2025B Bond then Outstanding.

(f) Powers and Liability. The Trust Administrator may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of its duty hereunder, and the Trust Administrator shall not be liable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trust Administrator shall not be liable for the exercise of any discretion or power under this Series 2025B Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

(g) Limits of Liability. The Trust Administrator undertakes to perform such duties, and only such duties as are specifically set forth in this Series 2025B Trust Agreement and no implied duties or obligations shall be read into this Series 2025B Trust Agreement against the Trust Administrator. No provision in this Series 2025B Trust Agreement shall require the Trust Administrator to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it. In accepting the duties hereby enumerated, the Trust Administrator acts solely as Trust Administrator for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the City or Authority having any claim against the Trust Administrator arising from this Series 2025B Trust Agreement shall look only to the funds and accounts held by the Trust Administrator hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trust Administrator be liable in its individual capacity for the obligations evidenced by the Series 2025B Bonds. The Trust Administrator shall not be liable in its individual capacity with respect to any action taken or omitted to be taken by the Trust Administrator in good faith in accordance with the written request of the Owners of the Series 2025B Bonds.

(h) No Representations. The Trust Administrator 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 City of the Series 2025B Project. In no event shall the Trust Administrator be liable for incidental, indirect, special or consequential damages in connection with or arising from the Series 2025B Installment Sale Agreement or the Series 2025B Trust Agreement for the existence, furnishing or use of the Series 2025B Project.

(i) Enforcement; Knowledge. The Trust Administrator shall not be responsible for the sufficiency or enforceability of the Series 2025B Installment Sale Agreement or the assignment under the Series 2025B Assignment Agreement of its rights to receive Series 2025B Installment Payments. The Trust Administrator shall not be deemed to have knowledge of any Event of Default hereunder or under the Series 2025B Installment Sale Agreement except failure by the City to make Series 2025B Installment Payments unless the Trust Administrator shall be specifically notified in writing of such Event of Default.

(j) Released and Unclaimed Funds. The Trust Administrator shall not be accountable for the use or application by the City or any other party of any funds which the Trust Administrator has released under this Series 2025B Trust Agreement. Subject to applicable escheat

laws, any amounts unclaimed two (2) years after the final prepayment or maturity date of the Series 2025B Bond, whichever occurs first, shall be paid by the Trust Administrator to the City, and thereafter, the Owner of any Series 2025B Bond remaining unpaid shall look to the City for the payment of such Series 2025B Bond.

Section 9.05. Appointment of Trust Administrator. In the event that an Event of Default shall occur or if it shall otherwise be necessary for the Trust Administrator to enforce payment of the Series 2025B Installment Payments, Prepayments or any other amount required to be deposited into the Series 2025B Installment Payment Fund or the Insurance and Condemnation Fund, or to exercise any of the remedies set forth in Article XIII hereof, or if it is determined that the Trust Administrator is unable to perform any of the other duties hereunder, the City, with the written consent of the Government as the Owner, shall appoint a bank or trust company as Trust Administrator hereunder (the “Trust Administrator”) to succeed to the duties and responsibilities of the Trust Administrator hereunder, such appointment to be effective immediately upon written notice thereof to the Trust Administrator. Any Trust Administrator appointed in such circumstances shall meet the requirements of Section 9.01(b) hereof. Upon such appointment, the term “Trust Administrator” in this Agreement shall also refer to such Trust Administrator.

ARTICLE X MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01. Amendments Permitted.

(a) **With Consent.** This Series 2025B Trust Agreement and the rights and obligations of the Owners of the Series 2025B Bonds and the Series 2025B Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Series 2025B Bonds then Outstanding, exclusive of Series 2025B Bonds disqualified as provided in Section 10.03, shall have been filed with the Trust Administrator. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Series 2025B Bond or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Series 2025B Bond, or (2) reduce or have the effect of reducing the percentage of Series 2025B Bonds required for the affirmative vote or written consent to an amendment or modification of the Series 2025B Installment Sale Agreement, or (3) modify any of the rights or obligations of the Trust Administrator without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 10.02.

(b) **Without Consent.** This Series 2025B Trust Agreement and the rights and obligations of the Owners of the Series 2025B Bonds and the Series 2025B Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, or (2) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, materially adversely affect the interest of the Owners of the

Series 2025B Bonds, or (3) if and to the extent specified in an opinion of nationally recognized bond counsel filed with the City, the Authority and the Trust Administrator, to make such additions, deletions or modifications as may be necessary to assure compliance with section 148(f) of the Tax Code or otherwise as may be necessary to assure exclusion from gross income for purposes of federal income taxation of the interest component of Series 2025B Installment Payments. Any such supplemental agreement shall become effective upon its execution and delivery by the parties hereto or thereto as the case may be.

(c) **Counsel.** The Trust Administrator may obtain an opinion of Independent Counsel that any amendment entered into hereunder complies with the provisions of this Article X and the Trust Administrator may rely conclusively on such opinion.

Section 10.02. Procedure for Amendment with Written Consent of Series 2025B Bond Owners.

(a) **General.** This Series 2025B Trust Agreement or the Series 2025B Installment Sale Agreement may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners of the Series 2025B Bonds is required pursuant to Section 10.01. A copy of such supplemental agreement, together with a request to the Series 2025B Bond Owners for their consent thereto, shall be mailed by the Trust Administrator to the Owner of each Series 2025B Bond at his address as set forth in the Series 2025B Bond Register, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as provided in this Section 10.02.

(b) **Effective.** Such supplemental agreement shall not become effective unless there shall be filed with the Trust Administrator the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Series 2025B Bonds then Outstanding (exclusive of Series 2025B Bonds disqualified as provided in Section 10.03) and a notice shall have been mailed as hereinafter provided in this Section 10.02. Each such consent shall be effective only if accompanied by proof of ownership of the Series 2025B Bond for which such consent is given, which proof shall be such as is permitted by Section 2.11. Any such consent shall be binding upon the Owner of the Series 2025B Bond giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trust Administrator within five (5) Business Days of the date when the notice of consent hereinafter in this Section 10.02 provided for has been mailed. Any revocation received by the Trust Administrator later than five (5) Business Days after such notice has been mailed shall be of no force and effect.

(c) **Notice.** After the Owners of the required percentage of Series 2025B Bonds shall have filed their consents to such supplemental agreement, the Trust Administrator shall mail a notice to the Owners of the Series 2025B Bonds in the manner hereinbefore provided in this Section 10.02 for the mailing of such supplemental agreement at the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Series 2025B Bonds and will be effective as provided in this Section 10.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental

agreement or consents thereto). A record, consisting of the papers required by this Section 10.02 to be filed with the Trust Administrator, shall be conclusive proof of the matters therein stated until the contrary is proved. Such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Series 2025B Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 10.03. Disqualified Series 2025B Bonds. Series 2025B Bonds owned or held by or for the account of the City or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the City (except any Series 2025B Bond held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Series 2025B Bonds provided for in this Series 2025B Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Series 2025B Trust Agreement.

Section 10.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Series 2025B Trust Agreement or the Series 2025B Installment Sale Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Series 2025B Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Series 2025B Trust Agreement or the Series 2025B Installment Sale Agreement, as the case may be, for any and all purposes.

The City may adopt appropriate regulations to require each Series 2025B Bond Owner, before such Owner's consent provided for in this Article X shall be deemed effective, to reveal whether the Series 2025B Bond as to which such consent is given is disqualified as provided in Section 10.03.

Section 10.05. Endorsement or Replacement of Series 2025B Bonds Delivered After Amendments. The City may determine that Series 2025B Bonds delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Trust Administrator, as to such action. In that case, upon demand of the Owner of any Series 2025B Bond Outstanding at such effective date and presentation of his or her Series 2025B Bond for the purpose at the Trust Office, a suitable notation shall be made on such Series 2025B Bond. The City may determine that new Series 2025B Bond, so modified as in the opinion of the City is necessary to conform to such Series 2025B Bond Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Series 2025B Bond then Outstanding, such new Series 2025B Bond shall be exchanged at the Trust Office, without cost to such Owner, for a Series 2025B Bond of the same character then Outstanding, upon surrender of such Series 2025B Bond.

Section 10.06. Amendatory Endorsement of Series 2025B Bond. The provisions of this Article X shall not prevent any Series 2025B Bond Owner from accepting any amendment as to the particular Series 2025B Bond held by him, provided that due notification thereof is made on such Series 2025B Bond.

ARTICLE XI COVENANTS

Section 11.01. Compliance With and Enforcement of Series 2025B Installment Sale Agreement. The City and the Authority covenant and agree with the Owners of the Series 2025B Bonds to perform all obligations and duties imposed on them under the Series 2025B Installment Sale Agreement and this Series 2025B Trust Agreement. The City or the Authority, immediately upon receiving or giving any notice or communication or other document in any way relating to or affecting their respective interests in the Series 2025B Project which may or can in any manner affect such interest, will deliver the same, or a copy thereof, to the Trust Administrator. The City and the Authority will not 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 Series 2025B Installment Sale Agreement.

Section 11.02. Payment of Taxes. The City will, subject to any right of challenge thereof, pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon the Series 2025B Project or any part thereof, promptly as and when the same shall become due and payable; and the City will keep the Trust Administrator advised in writing of such payments. The City will not suffer the Series 2025B Project, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor.

Section 11.03. Observance of Laws and Regulations. The City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it with respect to the Wastewater System by contract, or prescribed by any law of the United States, 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 City with respect to the Wastewater System to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.04. Further Assurances. The Authority, the City and the Trust Administrator (at the cost and request of the City or the Authority) will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Series 2025B Trust Agreement, and for the better assuring and confirming unto the Owners of the Series 2025B Bonds the rights and benefits provided herein.

Section 11.05. Filing. The City shall be responsible for the filing of any supplemental instruments or documents of further assurance as may be required by law in order to perfect or renew the security interests created by this Series 2025B Trust Agreement. Neither the Trust Administrator nor the Authority shall be responsible for such filing.

Section 11.06. Private Activity Bond Limitation. The City and the Authority shall assure that proceeds of the Series 2025B Bonds are not so used as to cause the Series 2025B Bonds or the Series 2025B Installment Sale Agreement to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

Section 11.07. Federal Guarantee Prohibition. The City and the Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2025B Bonds or the Series 2025B Installment Sale Agreement to be “federally guaranteed” within the meaning of section 149(b) of the Tax Code.

Section 11.08. Rebate Requirement. The City and the Authority shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2025B Bonds and the Series 2025B Installment Sale Agreement.

Section 11.09. No Arbitrage. The City and the Authority shall not take, or permit or suffer to be taken by the Trust Administrator or otherwise, any action with respect to the proceeds of the Series 2025B Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series 2025B Bonds or the Series 2025B Installment Sale Agreement to be “arbitrage bonds” within the meaning of section 148 of the Tax Code.

Section 11.10. Maintenance of Tax-Exemption. The City and the Authority shall take all actions necessary to assure the exclusion of interest with respect to the Series 2025B Bonds from the gross income of the Owners of the Series 2025B Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

ARTICLE XII LIMITATION OF LIABILITY

Section 12.01. Limited Liability of City. Except for the payment of Series 2025B Installment Payments and Prepayments when due in accordance with the Series 2025B Installment Sale Agreement and the performance of the other covenants and agreements of the City contained in said Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Series 2025B Bonds with respect to this Series 2025B Trust Agreement or the terms, execution, delivery or transfer of the Series 2025B Bonds, or the distribution of Series 2025B Installment Payments to the Owners by the Trust Administrator except as expressly set forth herein.

Section 12.02. No Liability of the Authority for Trust Administrator Performance. In the event that a Trust Administrator shall be appointed pursuant to Section 9.05 to perform the duties of Trust Administrator hereunder, neither the City nor the Authority shall have any obligation or liability to the other party or to the Owners of the Series 2025B Bonds with respect to the performance by such Trust Administrator of any duty imposed upon such Trust Administrator under this Series 2025B Trust Agreement.

Section 12.03. Indemnification of Trust Administrator. In the event that a Trust Administrator shall be appointed pursuant to Section 9.05 to perform the duties of Trust Administrator hereunder, the City shall to the extent permitted by law indemnify and save such Trust Administrator, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of:

(a) the use, maintenance, condition or management of, or from any work or thing done on, the Series 2025B Project by the Authority or the City;

(b) any breach or default on the part of the Authority or the City in the performance of any of their respective obligations under the Series 2025B Installment Sale Agreement, this Series 2025B Trust Agreement and any other agreement made and entered into for purposes of the Series 2025B Project;

(c) any act of the Authority or the City or of any of their respective agents, contractors, servants, employees or licensees with respect to the Series 2025B Project;

(d) any act of any assignee of, or purchaser from the Authority or the City or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Series 2025B Project;

(e) the acquisition, construction, installation and equipping of the Series 2025B Project or the authorization of payment of Delivery Costs;

(f) the actions of any other party, including but not limited to (i) the ownership, operation or use of the Series 2025B Project by the Authority or the City, (ii) the Trust Administrator's exercise and performance of its powers and duties hereunder, or (iii) the offering and sale of the Series 2025B Bonds. No indemnification will be made under this Section 12.03 or elsewhere in this Series 2025B Trust Agreement for willful misconduct or negligence under this Series 2025B Trust Agreement by such Trust Administrator, its officers or employees. The City's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Series 2025B Bonds or resignation or removal of such Trust Administrator.

Section 12.04. Limitation of Rights to Parties and Series 2025B Bond Owners. Nothing in this Series 2025B Trust Agreement or in the Series 2025B Bonds expressed or implied is intended or shall be construed to give any person other than the City, the Authority, the Trust Administrator and the Owners of the Series 2025B Bonds, any legal or equitable right, remedy or claim under or in respect of this Series 2025B Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Authority, the Trust Administrator and said Owners.

ARTICLE XIII EVENTS OF DEFAULT AND REMEDIES OF SERIES 2025B BOND OWNERS

Section 13.01. Assignment of Rights. Pursuant to the Series 2025B Assignment Agreement, the Authority transfers, assigns and sets over to the Trust Administrator all of the Authority's rights under the Series 2025B Installment Sale Agreement (excepting only the Authority's rights under Sections 6.03 and 7.04 thereof), including without limitation the Authority's rights to exercise such rights and remedies conferred on the Authority pursuant to the Series 2025B Installment Sale Agreement as may be necessary or convenient (i) to enforce payment of the Series 2025B Installment Payments, Prepayments and any other amounts required to be deposited in the Series 2025B Installment Payment Fund or the Insurance and

Condemnation Fund, and (ii) otherwise to exercise the Authority's rights and take any action to protect the interests of the Trust Administrator or the Series 2025B Bond Owners in an Event of Default.

Section 13.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trust Administrator may exercise any and all remedies available hereunder pursuant to law or granted pursuant to the Series 2025B Installment Sale Agreement.

Upon the occurrence of an Event of Default, the Trust Administrator may, and shall, at the written direction of the Owners of a majority of the principal amount of Series 2025B Bonds then Outstanding, by written notice to the City, declare the principal of the Series 2025B Installment Payments to be immediately due and payable, whereupon that portion of the principal of the Series 2025B Installment Sale Agreement thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Series 2025B Trust Agreement or in the Series 2025B Installment Payments to the contrary notwithstanding.

Remedies shall be cumulative with respect to the Trust Administrator and the Owners. If any remedial action is discontinued or abandoned, the Trust Administrator and the Owners shall be restored to their former positions.

Section 13.03. Application of Funds. All moneys received by the Trust Administrator pursuant to any right given or action taken under the provisions of this Article XIII or of Article VII of the Series 2025B Installment Sale Agreement, shall be applied by the Trust Administrator in the order following upon presentation of the several Series 2025B Bonds and the stamping thereon of the payment if only partially paid or upon the surrender thereof if fully paid:

(a) **First**, to the payment of the costs and expenses of the Trust Administrator hereunder (including, but not limited to, the costs and expenses of itself and its counsel) and, after such payment to the Trust Administrator, of the Series 2025B Bond Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel, together with interest on all such amounts advanced as provided in the Series 2025B Installment Sale Agreement;

(b) **Second**, to the payment of the whole amount then owing and unpaid with respect to the Series 2025B Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate or rates specified in the respective Series 2025B Bonds (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Series 2025B Bonds, then such moneys shall be applied in the following order of priority: (1) delinquent interest, (2) past due interest installments, (3) past due principal installments, (4) current interest due, and (5) current principal due.

Section 13.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trust Administrator in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Series 2025B Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Series 2025B Bonds by a suit in equity or action at law, for the specific performance of any covenant or agreement

contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trust Administrator shall deem most effectual to enforce any of its rights or duties hereunder.

Section 13.05. Non-waiver. Nothing in this Article XIII or in any other provision of this Series 2025B Trust Agreement, or in the Series 2025B Bonds, shall affect or impair the obligation of the City, which is absolute and unconditional subject to Section 3.06 of the Series 2025B Installment Sale Agreement, to pay or prepay the Series 2025B Installment Payments as provided in the Series 2025B Installment Sale Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Series 2025B Bond Owners to institute suit to enforce such payment. No delay or omission of the Trust Administrator or of any Owner of any of the Series 2025B Bonds to exercise any right or power arising upon the happening 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, and every power and remedy given by this Article XIII to the Trust Administrator or to the Owners of Series 2025B Bonds may be exercised from time to time and as often as shall be deemed expedient by the Trust Administrator or the Series 2025B Bond Owners.

Section 13.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trust Administrator or to the Series 2025B Bond Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07. Power of Trust Administrator to Control Proceedings. In the event that the Trust Administrator, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Series 2025B Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Series 2025B Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trust Administrator shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Series 2025B Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 13.08. Limitation on Series 2025B Bond Owners' Right to Sue. No Owner of any Series 2025B Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Series 2025B Trust Agreement, unless (a) such Owner shall have previously given to the Trust Administrator written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Series 2025B Bond then Outstanding shall have made written request upon the Trust Administrator to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trust Administrator reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trust Administrator shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trust Administrator.

Notwithstanding any contrary provision contained herein, so long as the Government is the Owner of the Series 2025B Bonds, such rights and remedies as are given to the Trust Administrator under this Article may be exercised by the Government in its own name without any tender of indemnity to the Trust Administrator.

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 Series 2025B Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Series 2025B Bond shall have any right in any manner whatever by his or their action to enforce any right under this Series 2025B Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Series 2025B Bonds.

The right of any Owner of any Series 2025B Bond to receive payment of said Owner's proportionate interest in the Series 2025B Installment Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 13.08 or any other provision of this Series 2025B Trust Agreement.

Section 13.09. Parties Interested Herein. Nothing in this Series 2025B Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Authority, the Trust Administrator and the Owners any right, remedy or claim under or by reason of this Series 2025B Trust Agreement, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Series 2025B Trust Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Authority, the Trust Administrator and the Owners.

ARTICLE XIV MISCELLANEOUS

Section 14.01. Discharge. The Outstanding Series 2025B Bonds may be paid and discharged in any one or more of the following ways:

(a) **Payment.** By paying or causing to be paid the principal with respect to and interest with respect to all Series 2025B Bonds Outstanding, as and when the same become due and payable;

(b) **Deposit.** By depositing with the Trust Administrator, in trust, at or before maturity, money which, together with the amounts then on deposit in the Series 2025B Installment Payment Fund and the Series 2025B Reserve Fund, is fully sufficient to pay all Series 2025B Bonds Outstanding, including all principal and interest;

(c) **Escrow.** By irrevocably depositing with the Trust Administrator or an escrow agent, in trust, cash or Discharge Obligations in such amount as an independent nationally recognized certified public accountant shall determine in a written report delivered to the Trust

Administrator or escrow agent will, together with the interest to accrue thereon and moneys then on deposit in the Series 2025B Installment Payment Fund and the Series 2025B Reserve Fund, if required, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Series 2025B Bonds (including all principal and interest) at or before their respective maturity dates; or

(d) Security Deposit. By depositing with the Trust Administrator, under an escrow deposit and trust agreement, security for the payment of Series 2025B Installment Payments as more particularly described in Section 4.05 of the Series 2025B Installment Sale Agreement, said security to be held by the Trust Administrator, as agent for City, and to be applied by the Trust Administrator to Series 2025B Installment Payments representing the obligation of the City under the Series 2025B Installment Sale Agreement, as described in Section 4.05 of the Series 2025B Installment Sale Agreement;

(e) Effect. Notwithstanding that any Series 2025B Bonds shall not have been surrendered for payment, all rights hereunder of the Owners of the Series 2025B Bonds and all obligations of the Authority, the Trust Administrator and the City under this Series 2025B Trust Agreement with respect to all Outstanding Series 2025B Bonds shall cease and terminate, except only the obligation of the Trust Administrator to pay or cause to be paid, from Series 2025B Installment Payments paid by or on behalf of the City from deposits pursuant to paragraphs (b) through (d) of this Section 14.01, to the Owners of the Series 2025B Bonds not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) through (d) of this Section 14.01, the Series 2025B Bonds shall continue to represent direct, undivided and fractional interests of the Owners thereof in Series 2025B Installment Payments under the Series 2025B Installment Sale Agreement.

(f) Payment Date. All monies held or deposited pursuant to subsections (b) through (d), above, shall be used to pay and prepay Series 2025B Bonds on the earliest possible date.

(g) Surplus Funds. Any funds held by the Trust Administrator, at the time of one of the events described above in subsections (a) through (d) above, which are not required for the payment to be made to Owners, or for payments to be made to the Trust Administrator by the City (including attorneys' fees), shall be paid over to the City.

Notwithstanding any contrary provision contained herein, so long as the Government is the Owner of the Series 2025B Bonds, the Series 2025B Bonds may not be defeased.

Section 14.02. Records. The Trust Administrator shall keep complete and accurate records of all moneys received and disbursed under this Series 2025B Trust Agreement, which shall be available for inspection by the City, the Authority, and the Owners of not less than 10% in aggregate principal amount of the Series 2025B Bonds Outstanding, or the agent of any of them, upon reasonable prior notice and during regular business hours.

Section 14.03. Notices. All written notices to be given under this Series 2025B Trust Agreement shall be given by mail first class, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time. Any such

notice shall be deemed to have been received 48 hours after deposit in the United States mail, with postage fully prepaid.

If to the City:	City of San Juan Bautista 311 2nd Street / P.O. Box 1420 San Juan Bautista, CA 95045 Attention: City Manager
If to the Authority:	San Juan Bautista Public Financing Authority 311 2nd Street / P.O. Box 1420 San Juan Bautista, CA 95045 Attention: Executive Director
If to the Trust Administrator:	City Manager City of San Juan Bautista 311 2nd Street / P.O. Box 1420 San Juan Bautista, CA 95045 Attention: City Manager
If to the Government:	Rural Development, United States Department of Agriculture 777 Sonoma Ave, 'E' Street Annex Santa Rosa, CA 95404 Attention: Area Specialist

And

Rural Development, United States
Department of Agriculture
430 G Street, Suite 4169
Davis, CA 95616
Attention: Community Programs Specialist

Section 14.04. Governing Law. This Series 2025B Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 14.05. Binding Effect; Successors. This Series 2025B Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Series 2025B Trust Agreement the Authority, the City or the Trust Administrator is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Series 2025B Trust Agreement contained by or on behalf of the Authority, the City or the Trust Administrator shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.06. Execution in Counterparts. This Series 2025B Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.07. Destruction of Canceled Series 2025B Bonds. Whenever in this Series 2025B Trust Agreement provision is made for the surrender to or cancellation by the Trust Administrator and the delivery to the City of any Series 2025B Bond, the Trust Administrator may, in lieu of such cancellation and delivery, destroy such Series 2025B Bond and deliver a certificate of such destruction to the City.

Section 14.08. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Series 2025B Trust Agreement. All references herein to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Series 2025B Trust Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Series 2025B Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.09. Limitation of Rights to Parties and Series 2025B Bond Owners. Nothing in this Series 2025B Trust Agreement or in the Series 2025B Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the City, the Trust Administrator and the Owners of the Series 2025B Bonds, any legal or equitable right, remedy or claim under or in respect of this Series 2025B Trust Agreement 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 Authority, the City, the Trust Administrator and the Owners of the Series 2025B Bonds delivered hereunder.

Section 14.10. Waiver of Notice. Whenever in this Series 2025B Trust Agreement 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 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.

Section 14.11. Payments Due on Other than Business Day. If the date for making any payment as provided in this Series 2025B Trust Agreement is not a Business Day, such payment must be made on the previous Business Day.

Section 14.12. Payment of Unclaimed Moneys. Notwithstanding any provisions of this Series 2025B Trust Agreement, any moneys held by the Trust Administrator in trust for the payment of the principal or interest due with respect to any Series 2025B Bond and remaining unclaimed two years from the date of payment or prepayment of such Series 2025B Bond, or if the law shall have been changed and the City has notified the Trust Administrator of such change or the Trust Administrator notifies the City, then on the date thirty (30) days prior to the then applicable escheat provision of State law, shall, on such date, be repaid to the City free from the trusts created by this Series 2025B Trust Agreement, and all liability of the Trust Administrator with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the City as aforesaid, the Trust Administrator may (at the cost and request of the City) first mail to the Owners to whom such amounts have not yet been paid, at the addresses shown on the Series 2025B Bond Register, a notice, in such form as may be deemed appropriate by the Trust Administrator with respect to the amounts so payable and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof. The Trust Administrator shall not be liable for any interest on funds held by it. The City shall not be liable for any interest on the

sums paid to it pursuant to this Section 14.12 and shall not be regarded as a Trust Administrator of such money.

Section 14.13. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Series 2025B Trust Agreement or in the Series 2025B Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Series 2025B Trust Agreement, and this Series 2025B Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Series 2025B Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Series 2025B Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Series 2025B Trust Agreement may be held illegal, invalid or unenforceable.

[Signature Page to Follow on Next Page]

IN WITNESS WHEREOF, the parties have executed this Series 2025B Trust Agreement as of the date and year first above written.

CITY OF SAN JUAN BAUTISTA

By _____
City Manager

CITY MANAGER OF THE
CITY OF SAN JUAN BAUTISTA,
as Trust Administrator

By _____
City Manager

SAN JUAN BAUTISTA
PUBLIC FINANCING AUTHORITY

By: _____
Authorized Signatory

EXHIBIT A

FORM OF SERIES 2025B BOND

No. R-1

*** \$3,268,000 ***

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY
(CITY OF SAN JUAN BAUTISTA)
SERIES 2025B WASTEWATER REVENUE BONDS
(SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT)**

INTEREST PAYMENT DATES	RATE OF INTEREST	DATED DATE
April 1 and October 1 as described below	2.750%	September __, 2025

REGISTERED OWNER: UNITED STATES OF AMERICA, ACTING THROUGH THE RURAL UTILITIES SERVICE

PRINCIPAL AMOUNT: THREE MILLION TWO HUNDRED SIXTY-EIGHT THOUSAND DOLLARS

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the “Registered Owner”) of this Series 2025B Wastewater Revenue Bond (the “Series 2025B Bond”) is the owner of a direct, undivided fractional interest in certain installment payments (the “Series 2025B Installment Payments”) payable under that certain Series 2025B Installment Sale Agreement, dated as of September 1, 2025 (the “Series 2025B Installment Sale Agreement”), by and between the SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, a California public financing authority formed and existing under the joint powers authority laws of the State of California (the “Authority”), and the CITY OF SAN JUAN BAUTISTA (the “City”), a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California. The Series 2025B Installment Payments and certain other rights and interests under the Series 2025B Installment Sale Agreement have been assigned to the City Manager of the City, as trust administrator (the “Trust Administrator”), having an office in the location described in the Series 2025B Trust Agreement referred to below.

The Registered Owner of this Series 2025B Bond is entitled to receive, subject to the terms of the Series 2025B Installment Sale Agreement, on the Maturity Dates identified below, or any earlier prepayment date, the Principal Amounts identified below representing a direct, undivided fractional share of the portion of the Series 2025B Installment Payments designated as principal as follows:

Maturity Date	Principal Due	Maturity Date	Principal Due
04/1/2026	\$71,000	04/1/2046	\$78,000
04/1/2027	47,000	04/1/2047	80,000
04/1/2028	48,000	04/1/2048	83,000
04/1/2029	49,000	04/1/2049	85,000
04/1/2030	51,000	04/1/2050	87,000
04/1/2031	52,000	04/1/2051	90,000
04/1/2032	54,000	04/1/2052	92,000
04/1/2033	55,000	04/1/2053	95,000
04/1/2034	57,000	04/1/2054	97,000
04/1/2035	58,000	04/1/2055	100,000
04/1/2036	60,000	04/1/2056	103,000
04/1/2037	61,000	04/1/2057	105,000
04/1/2038	63,000	04/1/2058	108,000
04/1/2039	65,000	04/1/2059	111,000
04/1/2040	67,000	04/1/2060	114,000
04/1/2041	68,000	04/1/2061	118,000
04/1/2042	70,000	04/1/2062	121,000
04/1/2043	72,000	04/1/2063	124,000
04/1/2044	74,000	04/1/2064	128,000
04/1/2045	76,000	04/1/2065	131,000

and to receive on April 1, 2026, and semiannually thereafter on April 1 and October 1 of each year (each an “Interest Payment Date”) until payment in full of said principal the Registered Owner’s direct, undivided fractional share of the Series 2025B Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable at the above stated Rate of Interest from the Dated Date identified above.

Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Office of the Trust Administrator, and interest represented hereby is payable by check or draft mailed by first class mail by the Trust Administrator on each Interest Payment Date to the Registered Owner at such Owner’s address as it appears on the Series 2025B Bonds register of the Trust Administrator as of the preceding Record Date; provided, however, that so long as the United States of America remains the Registered Owner of the Series 2025B Bonds, payment of principal shall be made on each Principal Payment Date and payment of interest shall be made on each Payment Date to the Registered Owner, unless otherwise requested by the Registered Owner, by the Pre-Authorized Debit (PAD) payment process (i.e., the City’s payments shall be electronically debited from the Series 2025B Installment Payment Fund on each Interest Payment Date in accordance with the PAD process established by Form SF-5510 and Form RD 3550-28, both entitled “Authorization Agreement for Pre-Authorized Payments”).

This Series 2025B Bond has been executed and delivered by the Trust Administrator pursuant to the terms of a Series 2025B Trust Agreement by and among the Trust Administrator, the Authority and the City, dated as of September 1, 2025 (the “Series 2025B Trust Agreement”). The City has certified that it is authorized to enter into the Series 2025B Installment Sale Agreement and the Series 2025B Trust Agreement under the laws of the State of California, for the purpose of paying the costs of certain public capital improvements.

Reference is hereby made to the Series 2025B Installment Sale Agreement, Series 2025B Trust Agreement and the Series 2025B Assignment Agreement (copies of which are on file at the Office of the Trust Administrator) for a description of the terms on which the Series 2025B Bonds are delivered, the rights thereunder of the owners of the Series 2025B Bonds, the rights, duties and immunities of the Trust Administrator and the rights and obligations of the City under the Series 2025B Installment Sale Agreement, to all of the provisions of the Series 2025B Assignment Agreement, Series 2025B Installment Sale Agreement and the Series 2025B Trust Agreement the Registered Owner of this Series 2025B Bond, by acceptance hereof, assents and agrees.

This single, fully registered Series 2025B Bond is issued by the Authority and represents the \$3,268,000 Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project), all of like, date, tenor and effect, but differing in amounts and maturities, authorized to be executed and delivered pursuant to the Series 2025B Trust Agreement.

This Series 2025B Bond is transferable only to a Qualified Institutional Buyer (as such term is defined by Rule 144A of the Securities Act of 1933) or other persons with the consent of the City and the Authority, by the Registered Owner thereof in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Series 2025B Trust Agreement, and upon surrender of this Series 2025B Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in the form appearing hereon. Upon such transfer, a new Series 2025B Bond or Series 2025B Bonds of the same Maturity Date representing the same principal amount will be issued to the transferee in exchange hereof.

Notwithstanding anything herein or elsewhere to the contrary, there shall be not any transfers or exchanges while Government is owner, unless requested by the Government.

The City is obligated under the Series 2025B Installment Sale Agreement to pay the Series 2025B Installment Payments from Net Revenues (as such term is defined in the Series 2025B Installment Sale Agreement) on parity with all Parity Obligations (as such term is defined in the Series 2025B Trust Agreement) issued or incurred within the meaning of the Series 2025B Installment Sale Agreement.

The obligation of the City to pay the Series 2025B Installment Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Series 2025B Installment Payments does not constitute a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Series 2025B Bond is subject to optional prepayment in whole, or in part among maturities in any manner as directed by the City in inverse order of maturity, unless otherwise requested by City and agreed to by Original Purchaser as long as the Original Purchaser is the sole owner of the then Outstanding 2025B Bonds, in its reasonable discretion, on any Business Day, from prepayments of the Series 2025B Installment Payments made at the option of the City pursuant to the Series 2025B Installment Sale Agreement, at a prepayment price equal to the aggregate principal components of the Series 2025B Installment Payments to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

The Series 2025B Bond is subject to mandatory prepayment on any date, in whole, or in part, from the net proceeds of insurance or eminent domain proceedings, in either case deposited with the Trust Administrator, which are credited towards the prepayment of the Series 2025B Installment Payments pursuant to the Series 2025B Installment Sale Agreement, at a prepayment price equal to one hundred percent (100%) of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium.

As provided in the Series 2025B Trust Agreement, notice of prepayment shall be mailed by the Trust Administrator by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days before the prepayment date, to the Registered Owner of the Series 2025B Bond, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Series 2025B Bond is called for prepayment and payment is duly provided hereof as specified in the Series 2025B Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

This Series 2025B Bond is transferable by the Registered Owner hereof, in person or by his or her attorney duly authorized in writing, at the Trust Office of the Trust Administrator, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Series 2025B Trust Agreement and upon surrender and cancellation of this Series 2025B Bond.

Upon such transfer a new Series 2025B Bond or Series 2025B Bonds, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest and maturity date, will be delivered to the transferee in exchange hereof. The City, the Authority and the Trust Administrator may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Series 2025B Bond shall be overdue, and the City, the Authority and the Trust Administrator shall not be affected by any notice to the contrary.

To the extent and in the manner permitted by the terms of the Series 2025B Trust Agreement, the provisions of the Series 2025B Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of the Series 2025B Bonds then outstanding, and may be amended without such consent under certain circumstances; provided that no such amendment shall extend the fixed maturity of any Series 2025B Bond or reduce the interest or principal represented thereby, without the express consent of the owner of such Series 2025B Bond.

The Trust Administrator has no obligation or liability to the registered owners of the Series 2025B Bonds to make payments of principal, or interest with respect to the Series 2025B Bonds except from amounts on deposit for such purposes with the Trust Administrator. The Trust Administrator's sole obligations are to administer for the benefit of the registered owners of the Series 2025B Bonds the various funds and accounts established under the Series 2025B Trust Agreement and to perform the other duties expressly imposed upon it under the Series 2025B Trust Agreement.

The City has certified, recited and declared that all things, conditions and acts required by the laws of the State of California, the Series 2025B Installment Sale Agreement and the Series 2025B Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Series 2025B Bonds, do exist, have happened and have been performed in due time, form and manner as required by law.

This Series 2025B Bond is given as evidence of a loan to the City made by the United States of America, acting through the Rural Utilities Service, pursuant to the Consolidated Farm and Rural Development Act, and shall be subject to the present regulations of the Rural Utilities Service or any successor agency thereto and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, this is one of the Series 2025B Bonds described in the within-mentioned Series 2025B Trust Agreement and registered on the Registration Books, and is hereby executed and authenticated by the manual signature of the Trust Administrator, all as of the Dated Date set forth above.

CITY MANAGER OF THE CITY OF SAN JUAN
BAUTISTA, as Trust Administrator

By: _____
City Manager

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face hereof, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT ___ Custodian

TEN ENT -- as tenants by the Entireties

(Cust) ___ (Minor) ___
under Uniform Gifts to Minors

JT TEN -- as joint tenants with ___ right of survivorship
___ and not as tenants in ___ common

Act _____
(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

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

the within registered Series 2025B Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Series 2025B Bond Register of the Trust Administrator with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

Note: The signature(s) on this Assignment must correspond with the name (s) as written on the face of the within Series 2025B Bond in every particular, without alteration or enlargement or any change whatsoever.

**Record of Prepayment in Advance of Maturity
of Series 2025B Bonds Represented by this Series 2025B Bond**

The Record of prepayment in advance of maturity on the registered Series 2025B Bond shall be substantially as follows:

<u>Amount</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____
_____	_____

SERIES 2025A ASSIGNMENT AGREEMENT

Dated as of September 1, 2025

by and between the

**SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY,
as Assignor**

and the

**CITY MANAGER OF THE CITY OF SAN JUAN BAUTISTA,
as Trust Administrator**

Relating to

**\$7,000,000
SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY
(CITY OF SAN JUAN BAUTISTA)
SERIES 2025A WASTEWATER REVENUE BONDS
(SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT)**

SERIES 2025A ASSIGNMENT AGREEMENT

THIS SERIES 2025A ASSIGNMENT AGREEMENT, made and entered into as of September 1, 2025, by and between the SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, a California public financing authority formed and existing under the joint powers authority laws of the State of California, as assignor (the “Authority”), and the CITY MANAGER OF THE CITY OF SAN JUAN BAUTISTA, as trust administrator (the “Trust Administrator”) under the hereinafter-defined Trust Agreement (the “Series 2025A Assignment Agreement”);

WITNESSETH:

WHEREAS, the Authority and the City of San Juan Bautista (the “City”), have entered into an Series 2025A Installment Sale Agreement, by and between the Authority and the City, dated as of September 1, 2025 (together with any amendments or supplements thereto, the “Series 2025A Installment Sale Agreement”), whereby the Authority has agreed to sell to the City, and the City has agreed to purchase from the Authority, certain improvements to the City’s Wastewater System, as more particularly described in the Series 2025A Installment Sale Agreement (as amended or modified from time to time, the “Project”), in the manner and on the terms set forth in the Series 2025A Installment Sale Agreement; and

WHEREAS, under the Series 2025A Installment Sale Agreement, the Authority is required to deposit or cause to be deposited with the Trust Administrator certain moneys to be credited, held and applied in accordance with a Series 2025A Trust Agreement by and among the Trust Administrator, the Authority and the City, dated as of September 1, 2025, together with any amendments or supplements thereto (the “Series 2025A Trust Agreement”); and

WHEREAS, upon delivery of the Series 2025A Installment Sale Agreement and the deposit of moneys by the Authority with respect thereto, the City is obligated to pay certain installment payments (the “Installment Payments”) to the Authority or its assignee. For the purpose of obtaining the moneys required to be deposited with the Trust Administrator, the Authority is willing to assign and transfer its right, title and interest under the Series 2025A Installment Sale Agreement to the Trust Administrator for the benefit of the owners of the Series 2025A Wastewater Revenue Bonds (the “Series 2025A Bonds”) to be executed and delivered under the Series 2025A Trust Agreement, and in consideration of such assignment, the Trust Administrator is executing and delivering the Bonds to the Government as the purchaser thereof, the proceeds of which sale are anticipated by the Authority to be sufficient to provide the moneys required to be deposited by the Authority pursuant to the Series 2025A Installment Sale Agreement; and

WHEREAS, each of the parties hereto has authority to enter into this Series 2025A Assignment Agreement and has taken all actions necessary to authorize its officers to enter into it; and

WHEREAS, the capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement;

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

Section 1. Assignment. The Authority, for good and valuable consideration, does hereby irrevocably assign and transfer to the Trust Administrator, for the benefit of the Owners of the Series 2025A Bonds, all of its rights and interest in the Series 2025A Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including, without limitation, its rights to receive and collect Installment Payments from the City under the Series 2025A Installment Sale Agreement, its rights to the pledge of Net Revenues, the right to receive and collect any proceeds of any insurance maintained thereunder, or of any condemnation award rendered with respect to the Project and the right to exercise such rights and remedies as are conferred on the Authority by the Series 2025A Installment Sale Agreement as may be necessary to enforce payment of the Installment Payments when due or otherwise to protect its interests in the event of a default by the City. The Installment Payments shall be applied, and the rights so assigned shall be exercised, by the Trust Administrator as provided in the Series 2025A Trust Agreement for the benefit of the Owners of the Series 2025A Bonds.

Section 2. Acceptance. The Trust Administrator hereby accepts such assignment in trust for the purpose of securing, equally and proportionately, such payments and rights to the Owners of the Series 2025A Bonds delivered pursuant to the Series 2025A Trust Agreement, all subject to the provisions of the Series 2025A Trust Agreement.

Section 3. Sale of Series 2025A Bonds. The Authority does hereby authorize, direct and consent to the execution and delivery of the Series 2025A Bonds by the Trust Administrator, the receipt by the Trust Administrator of payment for the Series 2025A Bonds when the same shall be sold to the original purchaser or purchasers thereof, and the transfer and deposit by the Trust Administrator of such proceeds into the funds and accounts created by the Series 2025A Trust Agreement, all in accordance with the terms of the Series 2025A Trust Agreement.

Section 4. Conditions. This Series 2025A Installment Sale Agreement shall confer no rights and impose no duties upon the Trust Administrator beyond those expressly provided in the Series 2025A Trust Agreement.

Section 5. Execution in Counterparts. This Series 2025A Installment Sale Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Signature Page to Follow on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Series 2025A Assignment Agreement by their officers thereunto duly authorized as of the date in the first paragraph above.

SAN JUAN BAUTISTA
PUBLIC FINANCING AUTHORITY,
as Assignor

By: _____
Authorized Signatory

CITY MANAGER OF THE
CITY OF SAN JUAN BAUTISTA,
as Trust Administrator

By: _____
City Manager

SERIES 2025B ASSIGNMENT AGREEMENT

Dated as of September 1, 2025

by and between the

**SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY,
as Assignor**

and the

**CITY MANAGER OF THE CITY OF SAN JUAN BAUTISTA,
as Trust Administrator**

Relating to

**\$3,268,000
SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY
(CITY OF SAN JUAN BAUTISTA)
SERIES 2025B WASTEWATER REVENUE BONDS
(SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT)**

SERIES 2025B ASSIGNMENT AGREEMENT

THIS SERIES 2025B ASSIGNMENT AGREEMENT, made and entered into as of September 1, 2025, by and between the SAN JUAN BAUTISTA PUBLIC FINANCING AUTHORITY, a California public financing authority formed and existing under the joint powers authority laws of the State of California, as assignor (the “Authority”), and the CITY MANAGER OF THE CITY OF SAN JUAN BAUTISTA, as trust administrator (the “Trust Administrator”) under the hereinafter-defined Trust Agreement (the “Series 2025B Assignment Agreement”);

WITNESSETH:

WHEREAS, the Authority and the City of San Juan Bautista (the “City”), have entered into an Series 2025B Installment Sale Agreement, by and between the Authority and the City, dated as of September 1, 2025 (together with any amendments or supplements thereto, the “Series 2025B Installment Sale Agreement”), whereby the Authority has agreed to sell to the City, and the City has agreed to purchase from the Authority, certain improvements to the City’s Wastewater System, as more particularly described in the Series 2025B Installment Sale Agreement (as amended or modified from time to time, the “Project”), in the manner and on the terms set forth in the Series 2025B Installment Sale Agreement; and

WHEREAS, under the Series 2025B Installment Sale Agreement, the Authority is required to deposit or cause to be deposited with the Trust Administrator certain moneys to be credited, held and applied in accordance with a Series 2025B Trust Agreement by and among the Trust Administrator, the Authority and the City, dated as of September 1, 2025, together with any amendments or supplements thereto (the “Series 2025B Trust Agreement”); and

WHEREAS, upon delivery of the Series 2025B Installment Sale Agreement and the deposit of moneys by the Authority with respect thereto, the City is obligated to pay certain installment payments (the “Installment Payments”) to the Authority or its assignee. For the purpose of obtaining the moneys required to be deposited with the Trust Administrator, the Authority is willing to assign and transfer its right, title and interest under the Series 2025B Installment Sale Agreement to the Trust Administrator for the benefit of the owners of the Series 2025B Wastewater Revenue Bonds (the “Series 2025B Bonds”) to be executed and delivered under the Series 2025B Trust Agreement, and in consideration of such assignment, the Trust Administrator is executing and delivering the Bonds to the Government as the purchaser thereof, the proceeds of which sale are anticipated by the Authority to be sufficient to provide the moneys required to be deposited by the Authority pursuant to the Series 2025B Installment Sale Agreement; and

WHEREAS, each of the parties hereto has authority to enter into this Series 2025B Assignment Agreement and has taken all actions necessary to authorize its officers to enter into it; and

WHEREAS, the capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement;

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

Section 1. Assignment. The Authority, for good and valuable consideration, does hereby irrevocably assign and transfer to the Trust Administrator, for the benefit of the Owners of the Series 2025B Bonds, all of its rights and interest in the Series 2025B Installment Sale Agreement (excepting only its rights under Sections 5.08, 6.03 and 7.04 thereof), including, without limitation, its rights to receive and collect Installment Payments from the City under the Series 2025B Installment Sale Agreement, its rights to the pledge of Net Revenues, the right to receive and collect any proceeds of any insurance maintained thereunder, or of any condemnation award rendered with respect to the Project and the right to exercise such rights and remedies as are conferred on the Authority by the Series 2025B Installment Sale Agreement as may be necessary to enforce payment of the Installment Payments when due or otherwise to protect its interests in the event of a default by the City. The Installment Payments shall be applied, and the rights so assigned shall be exercised, by the Trust Administrator as provided in the Series 2025B Trust Agreement for the benefit of the Owners of the Series 2025B Bonds.

Section 2. Acceptance. The Trust Administrator hereby accepts such assignment in trust for the purpose of securing, equally and proportionately, such payments and rights to the Owners of the Series 2025B Bonds delivered pursuant to the Series 2025B Trust Agreement, all subject to the provisions of the Series 2025B Trust Agreement.

Section 3. Sale of Series 2025B Bonds. The Authority does hereby authorize, direct and consent to the execution and delivery of the Series 2025B Bonds by the Trust Administrator, the receipt by the Trust Administrator of payment for the Series 2025B Bonds when the same shall be sold to the original purchaser or purchasers thereof, and the transfer and deposit by the Trust Administrator of such proceeds into the funds and accounts created by the Series 2025B Trust Agreement, all in accordance with the terms of the Series 2025B Trust Agreement.

Section 4. Conditions. This Series 2025B Installment Sale Agreement shall confer no rights and impose no duties upon the Trust Administrator beyond those expressly provided in the Series 2025B Trust Agreement.

Section 5. Execution in Counterparts. This Series 2025B Installment Sale Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Signature Page to Follow on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Series 2025B Assignment Agreement by their officers thereunto duly authorized as of the date in the first paragraph above.

SAN JUAN BAUTISTA
PUBLIC FINANCING AUTHORITY,
as Assignor

By: _____
Authorized Signatory

CITY MANAGER OF THE
CITY OF SAN JUAN BAUTISTA,
as Trust Administrator

By: _____
City Manager

IRREVOCABLE PAYMENT INSTRUCTIONS

These IRREVOCABLE PAYMENT INSTRUCTIONS (the “Instructions”) are dated as of September 1, 2025, and are given to FIRST FOUNDATION PUBLIC FINANCE, a Delaware statutory trust and wholly owned subsidiary of First Foundation Bank (including its successors and assigns, the “Bank”), by the CITY OF SAN JUAN BAUTISTA, a municipal corporation and general law city duly organized and existing under and by virtue of the constitution and laws of the State of California (the “City”);

WITNESSETH:

WHEREAS, on February 15, 2023 the City previously sold its \$14,600,000 (not to exceed) aggregate principal amount of Series 2023 Wastewater Revenue Bond Anticipation Notes (the “BANs”) to the Bank, the proceeds of which were used to construct a portion of the City’s San Juan Bautista to Hollister Force Main Development Project; and

WHEREAS, to finance the payoff of the BANs, the City Council of the City (the “City Council”) on ____ __, 2025 adopted Resolution 2025-__ (the “Resolution”), pursuant to which the City authorized and directed the execution and delivery of the “San Juan Bautista Public Financing Authority (City of San Juan Bautista), Series 2025A Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project)” (the “2025A Wastewater Bonds”), and the “San Juan Bautista Public Financing Authority (City of San Juan Bautista), Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project)” (the “2025B Bonds,” and together with the Series 2025A Bonds, the “2025 Bonds”), issued pursuant to the Resolution and a Series 2025A Trust Agreement, dated as of September 1, 2025 (the “2025A Trust Agreement”), and a Series 2025B Trust Agreement, dated as of September 1, 2025 (the “Series 2025B Trust Agreement,” and together with the Series 2025A Trust Agreement, the “Trust Agreements”), respectively; and

WHEREAS, the 2025 Bonds, in the total aggregate amount of \$10,268,000 (the “2025 Bond Proceeds”), are being purchased by the United States of America, Acting through the Rural Utilities Service (the “USDA”), in immediately available funds on September __, 2025 (the “Closing Date”); and

WHEREAS, capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Trust Agreements; and

WHEREAS, on the Closing Date the 2025 Bond Proceeds will be transferred by USDA to the City via ACH transfer; and

WHEREAS, the 2025 Bond Proceeds will be then transferred immediately (at first reasonable opportunity) by the City directly to the Bank in the manner and for the purposes set forth herein; and

WHEREAS, the City has full legal right, power, and authority to enter into and perform its duties under these Instructions; and

WHEREAS, the Bank acknowledges that these Instructions constitute irrevocable instructions by the City to apply the 2025 Bond Proceeds as set forth herein.

NOW, THEREFORE, in consideration of the above the City and Bank agree as follows:

Section 1. Transfer and Application of 2025 Bond Proceeds.

The City is hereby irrevocably instructed and agrees to transfer the 2025 Bond Proceeds (in the total amount of \$10,268,000) directly to the Bank on September __, 2025, or as soon as possible thereafter.

Upon receipt of the 2025 Bond Proceeds, the Bank shall send an email to wendyc@cummingcpa.com and citymanager@san-juan-bautista.ca.us, as well as to dsemenov@ridgelineuni.com and cameron@weistlaw.com, notifying that the 2025 Bond Proceeds have been received by the Bank in accordance with these Instructions.

The City acknowledges that it has no right, title or interest in or to the 2025 Bond Proceeds, except as set forth herein. Under no circumstances shall the 2025 Bond Proceeds be paid or delivered to or for the order of the City, except as set forth herein. The City hereby waives any rights that it may have to give alternative instructions as to the 2025 Bond Proceeds.

Section 2. Termination; Unclaimed Money.

These Instructions shall terminate when the 2025 Bond Proceeds have been transferred and received by the Bank, as provided herein.

Section 3. Liabilities and Obligations of Bank.

The Bank shall have no obligation to make any payment or disbursement of any type, or from such other funds that the City may hereafter deposit, in strict accordance with these Instructions. The Bank shall have no obligation to incur any financial liability in the performance of its duties under these Instructions, and the Bank may rely and shall be fully protected in acting upon the written instructions of the City or its agents relating to any matter or action as Bank under these Instructions.

The Bank shall not be liable for any act or omission of the City under these Instructions. The Bank shall have no liability or obligation to the City, USDA or any other person or entity with respect to the payment of debt service by the City or with respect to observance or performance by the City of any conditions, covenants and terms contained in or relating to the 2025 Bonds. The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on any certificate or opinion furnished to it in accordance with these Instructions.

Section 4. Governing Law. These Instructions shall be governed by and construed in accordance with the laws of the State of California.

Section 5. Notices. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, addressed to each party at its address below:

If to the City: City of San Juan Bautista
311 Second Street
San Juan Bautista, CA 95045
Attention: City Manager

If to the Bank: First Foundation Public Finance
2233 Douglas Boulevard, Suite 300
Roseville, California 95661
Attention: VP, Corporate Banking Portfolio Manager

Section 6. Counterparts. These Instructions may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same Instructions.

IN WITNESS WHEREOF, the City and Bank have each executed these Irrevocable Payment Instructions as of the date first above written.

CITY OF SAN JUAN BAUTISTA

By: _____
City Manager

FIRST FOUNDATION PUBLIC FINANCE, a Delaware
statutory trust and wholly owned subsidiary of First
Foundation Bank

By: _____
Authorized Representative

USDA Financing for Wastewater System Compliance Project



August 19, 2025



Municipal Advisory | Financial Planning | Pension Optimization

**City of San Juan
Bautista**



Wastewater System Compliance Project



- Pipeline to convey City’s wastewater to Hollister’s Regional Treatment Plant
- Total project budget: **\$25,205,000**

Funding Sources	Amount
Grants	
EPA Grant	\$1,000,000
State Funding Allocation	\$3,000,000
USDA Grants	\$6,527,000
Subtotal: Grants	\$10,527,000
Debt - USDA Loan	\$10,268,000
San Benito Co Contribution	\$4,000,000
STBG Funding	\$410,000
TOTAL	\$25,205,000

USDA Loan Financing Summary



- **USDA Loans:**
 - Two separate loans: \$7,000,000 and \$3,268,000 per USDA par amount limitations
 - 40-year term
 - 2.75% interest rate
 - Estimated annual debt service of ~\$425,000
 - The most cost-effective way to finance the Project
- **Loan proceeds will pay off interim construction financing line of credit with First Foundation Bank**

Next Steps



- **Tonight:**
 - Adopt resolutions approving the financing and authorizing signing of documents

- **September 2025:**
 - Close USDA Loans and pay off interim construction line of credit

Questions?



Dmitry Semenov

Ridgeline Municipal Strategies, LLC

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CITY OF SAN JUAN BAUTISTA CITY COUNCIL STAFF REPORT

DATE: AUGUST 19, 2025

DEPARTMENT: CITY MANAGER

FROM: ASHLEY COLLICK, CITY MANAGER

BY: CAMERON WEIST, PRINCIPAL, WEIST LAW

TITLE: CONSIDERATION OF RESOLUTIONS AUTHORIZING THE EXECUTION AND DELIVERY OF THE SERIES 2025A AND SERIES 2025B WASTEWATER REVENUE BONDS AND APPROVAL OF CORRESPONDING FINANCING DOCUMENTS IN CONNECTION WITH THE SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT

RECOMMENDED MOTION:

Approve a Resolution Approving the form of the Trust Agreements, Installment Sale Agreements, Assignment Agreements, Irrevocable Payment Instructions, and USDA Purchase Offer, (collectively, the “Financing Documents”), and authorizing execution and delivery of the Series 2025A and Series 2025B Wastewater Revenue Bonds (collectively, the “Bonds”); and Approve a Resolution Approving and adopting the USDA RUS Bulletin 1780-27 Loan Resolutions, which are required by the United States Department of Agriculture (“USDA”) in order to close on the Bonds.

RECOMMENDATION:

City staff recommends that the City Council take the following actions:

1. **Adopt Resolution No. 2025-__:** Approving the form of the Trust Agreements, Installment Sale Agreements, Assignment Agreements, Irrevocable Payment Instructions, and USDA Purchase Offer, (collectively, the “Financing Documents”), and authorizing execution and delivery of the Series 2025A and Series 2025B Wastewater Revenue Bonds (collectively, the “Bonds”).
2. **Adopt Resolution No. 2025-__:** Approving and adopting the USDA RUS Bulletin 1780-27 Loan Resolutions, which are required by the United States Department of Agriculture (“USDA”) in order to close on the Bonds.

BACKGROUND / DISCUSSION:

On January 31, 2023, City Council adopted Resolution No. 2023-10 authorizing the issuance of Series 2023 Wastewater Revenue Bond Anticipation Notes (the “BANs”) to finance the San Juan Bautista to Hollister

Force Main Development Project (the “Project”). The BANs were issued on February 15, 2023 in a not-to-exceed principal amount of \$14,600,000 and sold to First Foundation Public Finance (the “Bank”).

Following a successful construction phase, the Project is now complete and eligible for permanent financing. Prior to issuance of the BANs, the City received a commitment from USDA to provide long-term take-out financing, subject to the terms and conditions outlined in USDA’s Letter of Conditions, dated November 30, 2022, as amended (the “LOC”).

To facilitate the USDA take-out financing (the “Financing”) and legally structure the repayment mechanism, the City and the Authority propose to issue two series of tax-exempt revenue bonds in the combined amount of \$10,268,000:

- Series 2025A Wastewater Revenue Bonds in the amount of \$7,000,000; and
- Series 2025B Wastewater Revenue Bonds in the amount of \$3,268,000.

The Bonds will be purchased directly by USDA and amortized over 40 years at a fixed interest rate of 2.750%. Annual debt service is estimated at approximately \$425,000, payable solely from Net Revenues of the City’s Wastewater Enterprise Fund.

FINANCING STRUCTURE

The Financing utilizes a standard California installment sale structure, acceptable to USDA and consistent with Government Code Sections 6500 et seq. and 54300 et seq., in which the Authority serves as issuer and seller of the Bonds.

Key steps in the structure include:

- The Authority issues the Bonds to USDA, receiving Bond proceeds at closing.
- The Authority and City enter into Installment Sale Agreements under which the City makes semi-annual payments (the “Installment Payments”) in amounts equal to the debt service on the Bonds.
- The Authority assigns its rights under the Installment Sale Agreements to the Trust Administrator, who is designated as the City Manager, pursuant to Trust Agreements.
- The Trust Administrator remits Installment Payments directly to USDA per the terms of the Trust Agreements and Assignment Agreements.
- Proceeds of the Bonds are wired to the Bank to fully retire the outstanding BANs, under Irrevocable Payment Instructions.
- USDA holds the Bonds to maturity, with no underwriting or prepayment penalty risk.
- This financing mechanism does not create a general obligation of the City. Only Net Revenues from the Wastewater Enterprise Fund are pledged toward repayment.

SUMMARY OF THE RESOLUTION AND FINANCING DOCUMENTS

The subject resolutions authorize and approve the form of all the foundational legal documents (the “Financing Documents”) necessary to provide for the successful issuance of the Bonds. The adoption of the Resolutions is a legal prerequisite to allow for the completion of the appropriate documentation necessary for the USDA/BOND finalization. The accompanying Financing Documents comprise a financing structure that is considered standard for California government agencies to legally incur debt secured by wastewater enterprise fund revenues, and is acceptable to USDA, as the purchaser of the Bonds.

In using this financing structure, an installment sale arrangement must be established with a third-party nonprofit entity experienced in tax-exempt debt transactions in California. The Authority is being utilized as such independent nonprofit entity for this financing transaction.

The Financing Documents are being presented to the Council as “form-only documents.” The subject resolutions authorize and direct authorized representatives of the City to finalize the Financing Documents as and when appropriate, and to do all things necessary to provide for the issuance of the Bonds, which is expected to occur sometime towards the middle of September.

A brief description of each of the Financing Documents is as follows:

Installment Sale Agreements (2025A and 2025B): These agreements provides for the sale of the Project to the Authority, and then back to the City in exchange for the City’s promise to make future semi-annual Installment Payments to the Authority, which semi-annual payments are commensurate with the debt service on the Bonds. This agreement also requires the City to maintain Net Revenues in excess of 120% total annual debt service on the Bonds and all parity debt. The Installment Sale Agreement also requires the City to maintain the Project in serviceable condition throughout the term of the Bonds, to pay taxes, if any, and to maintain various forms of insurance, among other things.

Trust Agreements (2025A and 2025B): These documents provides for execution and delivery of the Bonds to USDA in exchange for proceeds in the par amount thereof, and further establishes the covenants and specifics of the Bonds, including (i) the application of proceeds to pay for the reimbursement, acquisition and construction costs of the Project, (ii) the establishment of a debt service reserve funds, (iii) the establishment of a short-lived assets reserve funds, (iv) the Trust Administrator’s duties, (v) repayment mechanisms, (vi) default and remedies provisions, and (vii) the Bond Owners (i.e., USDA) rights and remedies.

Assignment Agreements (2025A and 2025B): This document provides the terms and conditions under which the Authority assigns the City’s Installment Payments to the Trust Administrator, for ultimate payment to USDA.

Purchase Offer: The City (through the Authority) will sell the Bonds to USDA pursuant to the terms of the Purchase Offer. The Purchase Offer states the conditions under which USDA will purchase the Bonds and requires the City to deliver all the duly authorized and executed documents and opinions at closing. The City also covenants that there is no material litigation against the City which would impair its ability to make Installment Payments or affect the Bonds. The sale is scheduled in accordance with the parameters described above.

Irrevocable Payment Instructions: These are irrevocable instructions pursuant to which the proceeds of the Bonds will be sent to First Foundation Public Finance and used exclusively for the purpose of prepaying and defeasing the BANs.

In addition to approving the form of the Financing Documents, the Resolutions also designate the Mayor, Mayor Pro Tem, City Manager, and City Clerk as “Authorized Representatives” of the City and Authority for the purposes of structuring and providing for the execution of the Financing Documents and the corresponding issuance and delivery of the Bonds, and pursuant to the Resolutions are each authorized, jointly and severally, for and in the name of and on behalf of the City and the Authority, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the execution and delivery of the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Council/Board has intended with the adoption of the subject Resolutions.

FISCAL IMPACT

The attached Resolutions establish the legal and financial framework for the issuance of the Bonds for purposes of paying off BANs and replacing with long-term, low-interest USDA debt. Pursuant to the Installment Sale Agreements, the City promises the owners of the Bonds (i.e., USDA) to annually budget and appropriate from the Wastewater Enterprise Fund sufficient funds to make all Installment Payments pursuant to the Installment Sale Agreements. The interest rate is set at 2.750%. Annual payments are expected to average approximately \$425,000 per year for 40 years.

ALTERNATIVES

1. Adopt the respective subject resolutions as presented, thereby authorizing and approving the issuance of the Bonds.
2. Do not approve but provide alternative direction to staff.

ATTACHMENTS

1. Resolution No. 2025-xx
2. Resolution No. 2025-xx
3. Resolution No. PFA 2025-001
4. Form of Series 2025A Installment Sale Agreement
5. Form of Series 2025B Installment Sale Agreement
6. Form of Series 2025A Trust Agreement
7. Form of Series 2025B Trust Agreement
8. Form of Series 2025A Assignment Agreement
9. Form of Series 2025B Assignment Agreement
10. USDA Purchase Offer
11. Form of Irrevocable Payment Instructions

NOTE: ALL DOCUMENTS REFERENCED ABOVE ARE ON FILE WITH THE CITY CLERK AND AUTHORITY SECRETARY.

RESOLUTION NO. 2025-xx

A RESOLUTION OF CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF TRUST AGREEMENTS, INSTALLMENT SALE AGREEMENTS, ASSIGNMENT AGREEMENTS AND PURCHASE OFFER, IN CONNECTION WITH THE EXECUTION AND DELIVERY OF SERIES 2025A AND SERIES 2025B WASTEWATER REVENUE BONDS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

WHEREAS, on January 31, 2023, the City Council (the “City Council”) of the City of San Juan Bautista (the “City”), adopted Resolution No. 2023-10 authorizing and directing the execution and delivery of Series 2023 Wastewater Revenue Bond Anticipation Notes (the “BANs”) to finance a portion of the costs associated with the acquisition and construction of the City’s San Juan Bautista to Hollister Force Main Development Project (the “Project”); and

WHEREAS, on February 15, 2023, the BANs were issued by the City and sold to First Foundation Public Finance (the “Bank”) in an amount not to exceed \$14,600,000 on a draw-down basis; and

WHEREAS, prior to issuing the BANS, the City received a commitment from the United States Department of Agriculture (“USDA”) to provide long-term take-out financing upon completion of the Project; and

WHEREAS, the Project has now been completed in accordance with the terms and conditions set forth in the “Letter of Conditions” issued by USDA on November 30, 2022, as amended (the “LOC”); and

WHEREAS, to facilitate the payoff of the BANs (the “Financing”), the City desires to cause the execution, issuance and delivery of Series 2025A Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project) in the principal amount of \$7,000,000 (the “Series 2025A Bonds”), and Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project) in the principal amount of \$3,268,000 (the “Series 2025B Bonds,” and together with the Series 2025A Bonds, the “Bonds”); and

WHEREAS, the Series 2025A Bonds will be issued pursuant to and secured by a Series 2025A Trust Agreement (the “Series 2025A Trust Agreement”), dated as of September 1, 2025, by and among the City, the San Juan Bautista Public Financing Authority (the “Authority”) and the City Manager, as trust administrator (the “Trust Administrator”), a copy of which has been presented at this meeting and is on file with the City Clerk of the City (the “City Clerk”); and

WHEREAS, the Series 2025B Bonds will be issued pursuant to and secured by a Series 2025B Trust Agreement (the “Series 2025B Trust Agreement,” and together with the Series 2025A Trust Agreement, the “Trust Agreements”), dated as of September 1, 2025, by and among the City, the Authority and the Trust Administrator, a copy of which has been presented at this meeting and is on file with the City Clerk; and

WHEREAS, the Bonds will be sold to USDA pursuant to (i) a Resolution adopted by the Board of Directors of the Authority on August 19, 2025 (the “Authority Resolution”), and (ii) this Resolution (collectively, the “Resolutions”); and

WHEREAS, the City proposes to purchase the Project from the Authority pursuant to a certain Installment Sale Agreement (the “Installment Sale Agreement”), dated as of July 1, 2025, by and between the Authority and the City, whereby the City will make prescribed installment payments (the “Installment Payments”) from the wastewater enterprise fund, commensurate with the debt service scheduled for the repayment of the Bonds; and

WHEREAS, to further implement the foregoing, the Authority and the Trust Administrator propose to execute and enter into an Assignment Agreement (the “Assignment Agreement”), dated as of July 1, 2025, whereby the Authority will assign to the Trust Administrator all of its rights and entitlements under the Installment Sale Agreement, including but not limited to the entitlement to receive the Installment Payments from the City; and

WHEREAS, the Bonds will be sold to USDA pursuant to USDA’s Purchase Offer (the “Purchase Offer”) on the terms set forth therein and in the Trust Agreements and Installment Sale Agreements, provided that the interest rate does not exceed 2.750%; and

WHEREAS, to properly transact the Financing, it is now appropriate and necessary for the City to approve the form of Irrevocable Payment Instructions (the “Payment Instructions”), pursuant to which the City will irrevocably agree to transfer the proceeds of the Bonds directly to the Bank for the payoff of the BANs in accordance with the specific terms of the Payment Instructions; and

WHEREAS, in compliance with Section 5852.1 of the California Government Code (the “Code”), the Board has received and disclosed good faith estimates related to the Financing as set forth in Sections 4 and 5 hereof; and

WHEREAS, the City, with the aid of its staff, has reviewed the Trust Agreements, the Installment Sale Agreements, the Assignment Agreements, the Payment Instructions and the Purchase Offer (collectively, the “Financing Documents”), the forms of which have been presented at this meeting and are on file in the City Clerk’s office, and the City Council wishes at this time to approve the foregoing in the public interests of the City; and

WHEREAS, the City Council wishes at this time to authorize all actions and proceedings relating to the Financing and the issuance of the Bonds, including the execution and delivery of the Financing Documents and all agreements and documents relating thereto; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such Financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such Financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Juan Bautista hereby orders and determines as follows:

Section 1. Recitals and Findings. The City Council hereby specifically finds and declares that each of the statements, findings and determinations set forth in the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. Authorized Representatives. The Mayor, Mayor Pro Tem, City Manager, City Clerk or Deputy City Clerk and any other person authorized by the City Council to act on behalf of the City shall each be an “Authorized Representative” of the City for the purposes of structuring and providing for the issuance of the Bonds, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the City, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the Financing and the execution and delivery of the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the City Council has intended with the adoption of this Resolution.

Section 3. Authorization of the Bonds and Financing Documents. The City Council hereby requests the Authority to cause the execution and delivery of the Bonds pursuant to the respective terms and conditions of the Financing Documents. The City Council hereby approves the Financing Documents in substantially the form on file in the office of the City Clerk, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Financing Documents for and in the name and on behalf of the City, and the execution thereof shall be conclusive evidence of the City Council’s approval of any such additions and changes. The City Council hereby authorizes the delivery and performance of the Financing Documents.

Section 4. Good Faith Estimates Regarding the Series 2025A Bonds. Set forth below are good faith estimates required under Section 5852.1 of the Code for the Series 2025A Bonds. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

(a) The true interest cost of the Series 2025A Bonds is estimated at 2.750%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the Series 2025A Bonds, including all fees and charges paid to third parties, is estimated at \$0.

(c) Proceeds of the Series 2025A Bonds received by the Authority of \$7,000,000 (estimated), less the finance charge set forth in (b) above, is equal to \$7,000,000.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at [\$11,535,682].

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

Section 5. Good Faith Estimates Regarding the Series 2025B Bonds. Set forth below are good faith estimates required under Section 5852.1 of the Code for the Series 2025B Bonds. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

(a) The true interest cost of the Series 2025B Bonds is estimated at 2.750%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.

(b) The finance charge of the Series 2025B Bonds, including all fees and charges paid to third parties, is estimated at \$0.

(c) Proceeds of the Series 2025B Bonds received by the City of \$3,268,000 (estimated), less the finance charge set forth in (b) above, is equal to \$3,268,000.

(d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at [\$5,385,933].

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

Section 6. Appointment of Trust Administrator. The City Manager is hereby appointed to act as Trust Administrator under the Trust Agreement unless and until replaced in accordance with the provisions of the Trust Agreement.

Section 7. Official Actions. All actions heretofore taken by the officers and agents of the City with respect to the execution and delivery of the Bonds are hereby approved, confirmed and ratified. The Authorized Representatives and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, including requisitions for the payment of costs of issuance of the Bonds, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated and confirmed in a closing certificate by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 8. Full Compliance. The City Council hereby finds and determines that it has taken all of the foregoing actions, and made all of the foregoing findings, in full compliance with the law, and that all prior proceedings taken with respect to the Project were duly considered, and are hereby considered valid and in conformity with the requirements of law.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

The foregoing Resolution was adopted at a regular meeting of the City Council of the City of San Juan Bautista held on the 19th day of August, 2025.

PASSED AND APPROVED by the San Juan Bautista City Council on this 19 day of August 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED

Leslie Q. Jordan, Mayor

ATTEST

Elizabeth Soto, City Clerk

APPROVED AS TO FORM:

Jon R. Giffen, City Attorney

RESOLUTION NO. 2025-xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA APPROVING AND ADOPTING TWO SEPARATE USDA RUS BULLETIN 1780-27 LOAN RESOLUTIONS PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING AND/OR EXTENDING THE SAN JUAN BAUTISTA TO HOLLISTER FORCE MAIN DEVELOPMENT PROJECT

WHEREAS, the City Council (the “City Council”) of the City of San Juan Bautista (the “City”), working in coordination with the San Juan Bautista Public Financing Authority (the “Authority”), has agreed to enter into certain contractual arrangements to facilitate the financing of public capital improvements for the benefit of the City; and

WHEREAS, on January 31, 2023, the City Council adopted Resolution No. 2023-10 authorizing and directing the execution and delivery of Series 2023 Wastewater Revenue Bond Anticipation Notes (the “BANs”) to finance a portion of the costs associated with the acquisition and construction of the City’s San Juan Bautista to Hollister Force Main Development Project (the “Project”); and

WHEREAS, prior issuing the BANS, the City received a commitment from the United States Department of Agriculture (“USDA”) to provide long-term take-out financing upon completion of the Project; and

WHEREAS, the Project has since been completed in accordance with the terms and conditions set forth in the “Letter of Conditions” issued by USDA on November 30, 2022, as amended (the “LOC”); and

WHEREAS, to facilitate the payoff of the BANs and complete the long-term financing for the Project (the “Financing”), the City desires to cause the execution, issuance and delivery of Series 2025A Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project) in the principal amount of \$7,000,000 (the “Series 2025A Bonds”), and Series 2025B Wastewater Revenue Bonds (San Juan Bautista to Hollister Force Main Development Project) in the principal amount of \$3,268,000 (the “Series 2025B Bonds,” and together with the Series 2025A Bonds, the “Bonds”); and

WHEREAS, in accordance with the LOC, USDA requires the City Council to adopt a separate RUS Bulletin 1780-27 Loan Resolution (collectively, the USDA Loan Resolutions”) for each issuance of Bonds; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals and Findings. The City Council hereby finds and declares that foregoing recitals are true and correct and are incorporated herein by this reference.

Section 2. Authorized Representatives. The Mayor, Mayor Pro Tem, City Manager, City Clerk or Deputy City Clerk, and any other person authorized by the City Council to act on behalf of the City shall each be an “Authorized Representative” of the City for the purposes of the USDA Loan Resolutions, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the City, to execute and deliver any and all documents and certificates that may be required, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the City has approved in this Resolution and each of the USDA Loan Resolutions.

Section 3. Approval and Adoption of each of the USDA Loan Resolutions. The City Council hereby approves and adopts (i) USDA Loan Resolution No. 1780-27 pertaining to the Series 2025A Bonds, attached hereto as Exhibit A, and (ii) USDA Loan Resolution No. 1780-27 pertaining to the Series 2025B Bonds, attached hereto as Exhibit B, each of which are incorporated herein by reference, on behalf of the City.

Section 4. Official Actions. Each Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate any of the transactions contemplated by the documents approved pursuant to the LOC, this Resolution and the USDA Loan Resolutions.

Section 5. Effective Date. This Resolution and the USDA Loan Resolutions shall take effect from and after the date of their passage and adoption.

The foregoing Resolution was adopted at a regular meeting of the City Council of the City of San Juan Bautista held on the 19th day of August, 2025.

PASSED AND APPROVED by the San Juan Bautista City Council on this 19 day of August 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED

Leslie Q. Jordan, Mayor

ATTEST

Elizabeth Soto, City Clerk

APPROVED AS TO FORM:

Jon R. Giffen, City Attorney



CITY OF SAN JUAN BAUTISTA CITY COUNCIL STAFF REPORT

DATE: AUGUST 19, 2025

DEPARTMENT: ADMINISTRATION/CITY CLERK

FROM: ELIZABETH SOTO, CMC, CPMC, CITY CLERK /
ADMINISTRATIVE SERVICES MANAGER

BY:

TITLE: LEAGUE OF CALIFORNIA CITIES (LCC) VOTING DELEGATE

RECOMMENDED MOTION:

Delegate a Voting Delegate and Alternate for the League of California Cities Annual Conference and Expo, October 8-10, 2025.

RECOMMENDATION:

It is recommended that the City Appoint a delegate and an alternate voting delegate for the annual League of California Cities General Assembly on policy resolutions and further authorize the City's delegate to vote on the Cal Cities' proposed policy resolutions.

EXECUTIVE SUMMARY:

The League of California Cities 2025 Annual Conference and Expo is scheduled for October 8-10, 2025 in Long Beach, California. A voting delegate is a councilmember that will be representing the City of San Juan Bautista at the General Assembly. Delegates during the General Assembly will be voting on resolutions, which if approved, become Cal Cities policy. Voting delegates need to attend the full conference (October 8-10, 2025) through the General Assembly, which takes place on Fridays of the annual conference.

The General Assembly is a meeting of the collective body of all voting delegates — one from every member city. During the General Assembly, voting delegates debate and consider general and petitioned resolutions forwarded by the Resolutions Committee. Potential Cal Cities bylaws amendments are also considered at the General Assembly meeting.

BACKGROUND:

Seven Policy Committees meet throughout the year to review and recommend positions to take on bills and regulatory proposals. Policy committees include members from each Cal Cities

diversity caucus, regional division, municipal department, as well as individuals appointed by the Cal Cities president.

FISCAL IMPACT:

None

City of San Juan Bautista
Revenues ~ Budget Vs. Actual
For the Year Ended June 30, 2025

Item #5E
City Council Meeting
August 19, 2025

REVENUES	FY24	FY25	Annual		YTD	
<u>Fund</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Budget</u>	<u>Difference</u>	<u>100%</u>	<u>Notes</u>
General Fund	2,375,479	2,465,253	2,530,525	(1,593,243)	97%	
Special Revenue Funds:						
Capital Projects Fund	361,733	334,934	4,914,742	(2,703,471)	7%	
Community Development	200,332	131,119	124,150	(393,098)	106%	
COPS	158,102	183,725	100,000	(75,000)	184%	A
Parking & Restroom Fd	30,220	27,186	28,000	(16,269)	97%	
Gas Tax Fund	101,289	114,186	108,000	(76,799)	106%	
Valle Vista LLD	25,541	44,554	44,554	(17,919)	100%	
Rancho Vista CFD	72,694	67,512	67,512	(49,481)	100%	
Copperleaf CFD	24,039	16,645	16,645	(12,240)	100%	
Internal Service Funds:						
Blg Rehab. & Replace	38,000	38,000	38,000	(28,500)	100%	
Vehicle Replacement	60,000	60,000	60,000	(45,000)	100%	
Enterprise Funds:						
Water						
Operations	1,531,982	1,739,182	1,718,000	(904,085)	101%	
Sewer						
Operations	1,733,283	2,027,670	1,960,000	(943,950)	103%	
TOTAL Funds	<u>6,712,694</u>	<u>7,249,966</u>	<u>11,710,128</u>	<u>(6,859,055)</u>	<u>62%</u>	

A ~ COPS revenue for law enforcement services are coming in higher than anticipated at the time of budget. The City is to be provided at least 100k annually, but the last few years more than anticipated has been received.

City of San Juan Bautista
Revenues ~ Budget Vs. Actual
For the Year Ended June 30, 2025

Item #5E
City Council Meeting
August 19, 2025

EXPENDITURES	FY24	FY25	Annual		YTD	
<u>Fund</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Budget</u>	<u>Variance</u>	<u>100%</u>	<u>Note</u>
General Fund	2,341,769	2,264,696	2,394,878	(130,182)	95%	
Special Revenue Funds:						
Capital Projects Fund	361,733	334,934	4,914,742	(4,579,808)	7%	A
Community Development	962,725	870,511	662,242	208,269	131%	
COPS	100,000	100,000	100,000	-	100%	
Gas Tax Fund	20,951	24,570	21,000	3,570	117%	
Valle Vista LLD	31,236	44,953	44,554	399	101%	
Rancho Vista CFD	46,805	83,812	51,142	32,670	164%	B
Copperleaf CFD	28,209	30,523	29,278	1,245	104%	
Development Impact Fee Funds						
Public/Civic Facility	2,700	2,700	2,700	-	100%	
Library	4,440	4,440	4,440	-	100%	
Storm Drain	3,432	3,432	3,432	-	100%	
Park In-Lieu	300	300	300	-	100%	
Public Safety	852	852	852	-	100%	
Traffic	432	432	432	-	100%	
Enterprise Funds:						
Water:						
Operations	710,319	817,070	862,288	45,218	95%	
Capital	93,447	80,417	15,793,187	15,712,770	1%	A
Sewer						
Operations	882,871	1,143,536	1,051,569	(91,967)	109%	
Capital	8,723,010	11,461,676	17,112,103	5,650,427	67%	A
TOTAL Funds	14,315,231	17,268,854	43,049,139	16,852,611	40%	

Footnotes:

A ~ Capital fund transfers/costs are budgeted to be incurred by these funds. Since the costs/transfers occur sporadically during the year, they do not always align with the to date percentages, or prior year amounts. Additionally, some projects have been moved to the next fiscal year.

B ~ From reserves, fence replacement due to flooding \$42k.

City of San Juan Batista
 Check/Voucher Register - Check Register Current Month
 From 5/1/2025 Through 5/31/2025

1110 - Operating
 Acct. 1948

Effective Date	Check Number	Vendor Name	Check Amount
5/1/2025	ATM004	CalPers	2,754.11
5/2/2025	ATM	Amilia (park n rec software)	99.00
5/9/2025	ATM18	ADP Payroll Service	300.65
5/14/2025	ATM10	US Bank	6.50
5/19/2025	218433	4Leaf, Inc.	11,987.68
5/19/2025	218434	AFLAC	2,082.92
5/19/2025	218435	Agile Occupational Medicine	1,379.36
5/19/2025	218436	All Clear Water Services	4,100.00
5/19/2025	218437	at&t	124.86
5/19/2025	218438	att.com	56.99
5/19/2025	218439	AVAYA	250.66
5/19/2025	218440	Baker Supplies and Repairs	132.44
5/19/2025	218441	Brigantino Irrigation, Inc.	287.32
5/19/2025	218442	CALNET	214.82
5/19/2025	218443	Canon Financial Services, Inc	494.18
5/19/2025	218444	Charter Communications	629.83
5/19/2025	218445	Clark Pest Control	124.00
5/19/2025	218446	Craig Evans Pump Testing Service	325.00
5/19/2025	218447	Cypress Water Services	22,670.00
5/19/2025	218448	Data Ticket Inc.	400.00
5/19/2025	218449	David J. Powers & Associates, Inc.	7,126.20
5/19/2025	218450	David's Locksmith	250.00
5/19/2025	218451	DBA Alarm & Security, Inc.	1,006.00
5/19/2025	218452	Department of Transportation	1,870.76
5/19/2025	218453	Elizabeth Soto	122.97
5/19/2025	218454	EMC Planning Group Inc.	786.72
5/19/2025	218455	First Foundation Bank	468,000.00
5/19/2025	218456	Francisco Rincon	147.31
5/19/2025	218457	Hamner Jewell Associates	1,038.00
5/19/2025	218458	Hollister Safe & Lock	291.70
5/19/2025	218460	Kennedy, Archer & Giffen	38,179.11
5/19/2025	218461	Kiley & Associates, LLC	1,500.00
5/19/2025	218462	Manuel Ojeda	700.00
5/19/2025	218463	Maria Canales / Edgar Canales	500.00
5/19/2025	218464	Mc Kinnon Lumber Co., Inc.	82.69
5/19/2025	218465	Midwest Tape	85.08
5/19/2025	218467	MNS Engineers, Inc.	73,158.26
5/19/2025	218469	Monterey Bay Analytical Services	12,137.00
5/19/2025	218470	Monterey County Health Department	530.00
5/19/2025	218471	New SV Media	654.10
5/19/2025	218472	Operate Well, LLC	2,543.50
5/19/2025	218473	P G & E	1,057.93
5/19/2025	218474	Primo Brands	43.58
5/19/2025	218475	Rincon Consultants	4,228.50

City of San Juan Batista
 Check/Voucher Register - Check Register Current Month
 From 5/1/2025 Through 5/31/2025

1110 - Operating
 Acct. 1948

Effective Date	Check Number	Vendor Name	Check Amount
5/19/2025	218476	Rojas Communications Group	1,500.00
5/19/2025	218477	Rossi Bros Tire & Auto	570.00
5/19/2025	218478	San Benito County Auditors Office	9,073.30
5/19/2025	218479	Smith & Enright Landscaping	6,422.50
5/19/2025	218480	Sound Design A/V Contractors	1,595.00
5/19/2025	218481	St. Francis Retreat	400.00
5/19/2025	218482	T-Mobile	357.19
5/19/2025	218483	Tanya Juarez	600.00
5/19/2025	218484	Hollister True Value	361.47
5/19/2025	218485	Uline	55.70
5/19/2025	218486	Valero Wex Bank	740.32
5/19/2025	218487	Veronica Munoz	700.00
5/19/2025	218488	Wendy L. Cumming, CPA	8,268.75
5/19/2025	218489	Wright Bros. Industrial Supply	280.71
5/19/2025	ATM006	CalPers	3,045.92
5/23/2025	ATM19	ADP Payroll Service	309.99
5/27/2025	ATM9	Spectrum	324.52
5/30/2025	ATM005	CalPers	3,225.59
5/31/2025	ATM	Payroll	71,760.98
5/31/2025		Payroll Taxes	26,944.83
5/31/2025	ATM2	Fica	7,931.97
Report Total			808,928.47

City of San Juan Batista
 Check/Voucher Register - Check Register Current Month
 From 6/1/2025 Through 6/30/2025

1110 - Operating
 Acct. 1948

Effective Date	Check Number	Vendor Name	Check Amount
6/3/2025	ATM11	Amilia (park n rec software)	99.00
6/4/2025	218490	Hollister Landscape Supply	221.91
6/4/2025	218491	State Compensation Insurance Fund	5,122.50
6/4/2025	218492	Tri-County Fire Protection, Inc.	343.64
6/6/2025	ATM21	ADP Payroll Service	309.99
6/13/2025	218494	Agile Occupational Medicine	591.54
6/13/2025	218495	Alejandra and Filimon Mandujano	700.00
6/13/2025	218496	All Clear Water Services	4,100.00
6/13/2025	218497	att.com	76.92
6/13/2025	218498	Baker Supplies and Repairs	140.33
6/13/2025	218499	Canon Financial Services, Inc	661.17
6/13/2025	218500	Carmen Lujan	23.91
6/13/2025	218501	Charter Communications	629.83
6/13/2025	218502	Clark Pest Control	124.00
6/13/2025	218503	Design Line & Granger	498.73
6/13/2025	218504	EMC Planning Group Inc.	1,468.19
6/13/2025	218505	First Foundation Bank	992,927.08
6/13/2025	218506	Graniterock	97.74
6/13/2025	218507	Hamner Jewell Associates	3,357.55
6/13/2025	218509	Kennedy, Archer & Giffen	45,166.50
6/13/2025	218510	Kiley & Associates, LLC	1,500.00
6/13/2025	218511	Midwest Tape	198.07
6/13/2025	218512	MNS Engineers, Inc.	34,947.24
6/13/2025	218513	Monterey Bay Analytical Services	5,136.00
6/13/2025	218514	New SV Media	510.40
6/13/2025	218515	P G & E	7,151.36
6/13/2025	218516	Petty Cash	180.52
6/13/2025	218517	Postmaster	1,000.00
6/13/2025	218518	Regional Government Services	9,450.82
6/13/2025	218519	Rincon Consultants	3,093.00
6/13/2025	218520	Rojas Communications Group	1,500.00
6/13/2025	218521	Rx-Tek	1,322.50
6/13/2025	218522	Sentry Alarm System	360.00
6/13/2025	218523	Smith & Enright Landscaping	529.50
6/13/2025	218524	T-Mobile	354.88
6/13/2025	218525	Hollister True Value	225.49
6/13/2025	218526	Uline	326.15
6/13/2025	218527	Univar Solutions	1,028.10
6/13/2025	218528	USABlueBook	2,184.84
6/13/2025	218529	Valley Welding	750.00
6/13/2025	218530	San Benito County Water District	3,121.25
6/13/2025	218531	Wendy L. Cumming, CPA	8,312.50
6/13/2025	218532	Specialty Construction, Inc.	499,874.68
6/13/2025	ATM007	CalPers	3,283.43

City of San Juan Batista
 Check/Voucher Register - Check Register Current Month
 From 6/1/2025 Through 6/30/2025

1110 - Operating
 Acct. 1948

Effective Date	Check Number	Vendor Name	Check Amount
6/13/2025	ATM12	US Bank	6.50
6/18/2025	218533	City of Hollister	2,547,200.00
6/18/2025	218534	Specialty Construction, Inc.	638,974.39
6/18/2025	218535	4Leaf, Inc.	15,465.14
6/18/2025	218536	ACWA Health Benefits Authority	14,162.56
6/18/2025	218537	US Bank	8,103.84
6/20/2025	ATM22	ADP Payroll Service	309.99
6/26/2025	ATM13	Spectrum	324.52
6/30/2025	218538	4Leaf, Inc.	8,782.61
6/30/2025	218539	ACWA Health Benefits Authority	18,288.94
6/30/2025	218540	AFLAC	1,041.46
6/30/2025	218541	Ashley Collick	81.51
6/30/2025	218542	at&t	134.85
6/30/2025	218543	Baker Supplies and Repairs	255.08
6/30/2025	218544	Baker Tilly Advisory Group, LP	5,000.00
6/30/2025	218545	Brigantino Irrigation, Inc.	356.74
6/30/2025	218546	Burke, Williams & Sorensen, LLP	1,650.00
6/30/2025	218547	CALNET	106.21
6/30/2025	218548	Charter Communications	629.83
6/30/2025	218549	Cypress Water Services	12,025.00
6/30/2025	218550	Data Ticket Inc.	800.00
6/30/2025	218551	David J. Powers & Associates, Inc.	3,326.75
6/30/2025	218552	Downey Brand	928.00
6/30/2025	218553	EMC Planning Group Inc.	2,882.74
6/30/2025	218554	Flock Group Inc	1,300.00
6/30/2025	218555	Gregoria Rivera	700.00
6/30/2025	218556	Hurricane Wraps & Desings	326.25
6/30/2025	218557	Karla Daniela Zarate Amador	700.00
6/30/2025	218558	Kiley & Associates, LLC	1,500.00
6/30/2025	218559	M3 Environmental LLC	1,270.00
6/30/2025	218560	Midwest Tape	97.54
6/30/2025	218561	MNS Engineers, Inc.	40,429.75
6/30/2025	218562	Monterey Bay Analytical Services	5,955.00
6/30/2025	218563	One Workplace	48,725.75
6/30/2025	218565	P G & E	28,558.00
6/30/2025	218566	Primo Brands	43.54
6/30/2025	218567	Regional Government Services	2,161.33
6/30/2025	218568	Ridgeline Municipal Strategies, LLC	20,533.15
6/30/2025	218569	Rincon Consultants	3,750.00
6/30/2025	218570	Rx-Tek	7,912.94
6/30/2025	218571	San Benito County Communications Div.	71,900.91
6/30/2025	218572	San Benito County Sheriff	129,787.98
6/30/2025	218573	Smith & Enright Landscaping	5,540.00
6/30/2025	218574	Sound Design A/V Contractors	164.76
6/30/2025	218575	Stoel Rives	5,643.00

City of San Juan Batista
Check/Voucher Register - Check Register Current Month
From 6/1/2025 Through 6/30/2025

1110 - Operating
Acct. 1948

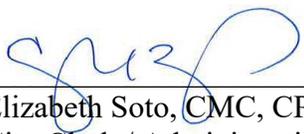
Effective Date	Check Number	Vendor Name	Check Amount
6/30/2025	218576	T-Mobile	730.79
6/30/2025	218577	Hollister True Value	710.93
6/30/2025	218578	Valero Wex Bank	1,024.52
6/30/2025	218579	Veronica Munoz-Noriega	506.95
6/30/2025	218580	Wendy L. Cumming, CPA	10,456.25
6/30/2025	218581	Wright Bros. Industrial Supply	20.33
6/30/2025	218607	Leslie Q. Jordan	84.37
6/30/2025	ATM	Payroll	73,274.65
6/30/2025		Payroll Taxes	28,248.50
6/30/2025	ATM2	Fica	8,170.43
Report Total			5,424,065.54

AFFIDAVIT OF POSTING

I, Elizabeth Soto, Do Now Declare, Under the Penalties of Perjury That I Am the Acting City Clerk / Administrative Services Manager in the City of San Juan Bautista and That I Posted Three (3) True Copies of the attached City Council Agenda. I Further Declare That I Posted Said Agenda on the 14th day of August 2025, and in the Following Locations in said City of San Juan Bautista, County of San Benito, California.

1. On The Bulletin Board at City Hall, 311 Second Street.
2. On The Bulletin Board at The City Library, 801 Second Street.
3. On The Bulletin Board at The Entrance to The United States Post Office, 301 The Alameda

Signed at San Juan Bautista, County of San Benito, California, on the 14th day of August 2025.



Elizabeth Soto, CMC, CPMC
City Clerk / Administrative Services Director

WAIVER OF READING OF ORDINANCES

State law requires that an ordinance be read in its entirety prior to adoption unless the City Council waives reading beyond the title. Reading an entire ordinance at the meeting is extremely time-consuming; reading of the title alone usually gives the audience sufficient understanding of what the Council is considering.

To ensure that this waiver is consistently approved by the Council, Council should make the waiver at each meeting, thus, you should do it at this point on the Consent Agenda. The Council then does not have to worry about making this motion when each ordinance comes up on the agenda.

GC36934



CITY OF SAN JUAN BAUTISTA CITY COUNCIL STAFF REPORT

DATE: AUGUST 13, 2025

DEPARTMENT: ENGINEERING

FROM: DOUG PIKE, CITY ENGINEER

BY: DOUG PIKE, CITY ENGINEER

TITLE: TRAFFIC IMPACT MITIGATION FEE (TIMF) NEXUS STUDY

RECOMMENDED MOTION

Approve a Resolution Authorizing the City Manager to enter into a Memorandum of Understanding between the Council of San Benito County of Governments; County of San Benito; City of Hollister, and the City of San Juan Bautista regarding the update to the Traffic Impact Mitigation Fee (TIMF) Nexus Study.

RECOMMENDATION:

Consider and Approve the Resolution for Memorandum of Understanding between Council of San Benito County of Governments, County of San Benito, City of Hollister, and City of San Juan Bautista regarding the update to the Traffic Impact Mitigation Fee (TIMF) Nexus Study.

EXECUTIVE SUMMARY:

Since February 2025, the Council of San Benito County of Governments (“SBCOG”), comprised of representatives from County of San Benito (“County”), City of Hollister (“Hollister”), and City of San Juan Bautista (“San Juan Bautista”), has been engaged in discussions to update the TIMF Nexus Study. The attached draft MOU outlines the roles and responsibilities of each participating agency. If approved by the City Council, the MOU will be forwarded to SBCOG for final consideration and approval.

BACKGROUND:

The Parties (SBCOG, the County, Hollister, and San Juan Bautista) previously collaborated to develop the TIMF Nexus Study in 2016, with a minor update completed in 2019. SBCOG will continue to represent the collective interests of the Parties in this update process.

In accordance with AB 1600 (California Code Government Section 66000 et seq.), the update to the TIMF Nexus Study will ensure legal compliance and provide the necessary basis for assessing development impact fees within the jurisdictions of the participating agencies.

SBCOG will lead the procurement process to hire a technical consultant to perform the study update. This process will be carried out in coordination with staff representatives from all participating agencies.

FISCAL IMPACT:

The cost of the consultant contract will be shared among the participating agencies as follows:

- City of San Juan Bautista: 5%
- County of San Benito: 47.5%
- City of Hollister: 47.5%

The City has allocated \$12,500 from the Capital Improvement Project (CIP) budget specifically to fund its share of the TIMF Nexus Study.

ATTACHMENTS:

- Resolution with Drafted MOU with the Council of San Benito County of Governments, County of San Benito, City of Hollister, and City of San Juan Bautista.
- Drafted MOU with the Council of San Benito County of Governments, County of San Benito, City of Hollister, and City of San Juan Bautista.

RESOLUTION NO. 2025-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN COUNCIL OF SAN BENITO COUNTY OF GOVERNMENTS, COUNTY OF SAN BENITO, CITY OF HOLLISTER, AND CITY OF SAN JUAN BAUTISTA REGARDING THE UPDATE TO THE TRAFFIC IMPACT MITIGATION FEE (TIMF) NEXUS STUDY

WHEREAS, the City of San Juan Bautista (“City”), Council of San Benito County of Governments (“SBCOG”), County of San Benito (“County”), and City of Hollister (“Hollister”), (collectively referred to as the “Parties”) have agreed to update the Traffic Impact Mitigation Fee (TIMF) Nexus Study; and

WHEREAS, the Parties developed a Memorandum of Understanding (“MOU”) to formalize their collaboration and outline their respective roles and responsibilities in funding and managing the update to the TIMF Nexus Study; and

WHEREAS, the Parties intend for the MOU to ensure that the updated TIMF Nexus Study will equitably benefit all participating jurisdictions and provide legal foundation necessary for the continued collection of Traffic Impact Mitigation Fees under California Government Code Section 66000 et seq. (AB 1600); and

WHEREAS, the City budgeted in its Capital Improvement Project \$12,500 for TIMF Nexus Study.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL AS FOLLOWS:

SECTION 1. The City of San Juan Bautista City Council hereby approves the Memorandum of Understanding with the Council of San Benito County Governments, the County of San Benito, The City of Hollister, and the City of San Juan Bautista for the purpose of updating the Traffic Impact Mitigation Fee Nexus Study.

SECTION 2. The City Manager, or designee, is authorized to execute the MOU and to take any further actions necessary to carry out the intent of this resolution, including approving amendments and funding allocations related to the TIMF Nexus Study.

PASSED AND APPROVED by the San Juan Bautista City Council on this 19th day of August 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Leslie Q. Jordan, Mayor

ATTEST:

Elizabeth Soto, City Clerk

**MEMORANDUM OF UNDERSTANDING BETWEEN
COUNCIL OF SAN BENITO COUNTY GOVERNMENTS, COUNTY OF SAN
BENITO, CITY OF HOLLISTER, AND CITY OF SAN JUAN BAUTISTA**

This Memorandum of Understanding by and between the Council of San Benito County Governments (“SBCOG”), the designated Regional Transportation Planning Agency for San Benito County; County of San Benito (“County”), a political subdivision of the State of California; the City of Hollister (“Hollister”), a municipal corporation; and City of San Juan Bautista (“San Juan Bautista”), a municipal corporation (SBCOG, County, Hollister, and San Juan Bautista are collectively hereinafter referred to as “the Parties” and individually as “Party”) is entered into on this 21 day of August 2025 for the preparation of the San Benito County Traffic Impact Mitigation Fee (TIMF) Program (“MOU”).

BACKGROUND AND PURPOSE OF MOU

- A. SBCOG represents the regional transportation interests of the San Benito County region.
- B. The selected consultant will prepare a TIMF Nexus Study Update (the “Study”) that will serve as the basis for continuing to require impact fees under AB 1600 legislation, as codified by California Code Government Section 66000 et seq. The established procedures under AB 1600 require that a "reasonable relationship", or nexus, exist between the traffic infrastructure improvements required to mitigate the traffic impacts and the proposed development project. The last comprehensive TIMF Nexus Study was completed in 2016, with a minor amendment completed in 2019.
- C. SBCOG will be responsible for leading the procurement process to hire a technical consultant and managing the study update work, in cooperation with local agency staff participating in a study update working group.
- D. A working group for the study update will be established by SBCOG staff and include representatives from each participating agency. The working group will be involved in the procurement process and will provide feedback to the consultant team on all deliverables produced as part of the study update.
- E. SBCOG, the County, Hollister, and San Juan Bautista are participants in a collaborative effort to update and fund the Study. Proportional cost-sharing of the study will involve Hollister and the County each contributing 47.5% towards the cost of the consultant contract, while San Juan Bautista will contribute the 5% balance to fully fund the consultant contract.
- F. This purpose of this MOU is to define the rights and responsibilities of the Parties concerning the selection of a consultant and the Parties respective cost sharing responsibilities concerning the completion of the Study.

THEREFORE, SBCOG, the County, Hollister, and San Juan Bautista hereby agree as follows:

AGREEMENT

1. The County will contribute 47.5% of the total cost associated with the preparation of the Study. County will make payment to SBCOG no later than 30 days after a consultant for the Study has been selected and terms of the agreement have been agreed to by SBCOG and the consultant. SBCOG shall provide County with notice of the agreement and an invoice for the County's share of the total cost for the Study. The County acknowledges that SBCOG will not issue a Notice to Proceed ("NTP") to the consultant until the County's share of funds have been received by SBCOG.
2. Hollister will contribute 47.5% of the total cost associated with the preparation of the Study. Hollister will make payment to SBCOG no later than 30 days after a consultant for the Study has been selected and terms of the agreement have been agreed to by SBCOG and the consultant. SBCOG shall provide Hollister with notice of the agreement and an invoice for the Hollister's share of the total cost for the Study. Hollister acknowledges that SBCOG will not issue a NTP to the consultant until Hollister's share of funds have been received by SBCOG.
3. San Juan Bautista will contribute 5% of the total cost associated with the preparation of the Study. San Juan Bautista will make payment to SBCOG no later than 30 days after a consultant for the Study has been selected and terms of the agreement have been agreed to by SBCOG and the consultant. SBCOG shall provide San Juan Bautista with notice of the agreement and an invoice for the San Juan Bautista's share of the total cost for the Study. San Juan Bautista acknowledges that SBCOG will not issue a NTP to the consultant until San Juan Bautista's share of funds have been received by SBCOG.
4. SBCOG staff in consultation with Hollister, San Juan Bautista and County staff: (1) will review proposals from consultants who respond to the Request for Proposals; (2) will participate in the interview panel for the consultant applicants who are invited to meet with the committee; (3) will participate in rating the consultant applicants; (4) will recommend the preferred consultant for award of the contract to prepare the Study; and (5) will review and approve the consultants cost proposal and scope of work to be included in the contract between consultant and SBCOG. The Parties acknowledge that a portion of the Study will evaluate the state highway system, accordingly, the Parties may consult with Caltrans and seek input during the proposal evaluation process.

No consultant will be selected without written recommendation of the review committee which shall include representatives of Hollister, San Juan Bautista, and the County, SBCOG shall be responsible for the procurement of the consultant and managing the consultant's administration of the Study. SBCOG shall be reimbursed 5% of the total cost of the Study ("Administration Fee") by the County, Hollister, and San Juan Bautista in accordance with the cost sharing percentages established in this MOU for SBCOG staff time associated with procurement of the consultant, administering the contract with the selected

- consultant, and oversight of the Study. The Administration Fee shall be included in the invoices issued in accordance with sections 1, 2 and 3 of this MOU.
5. This MOU contains the entire and complete understanding of the Parties hereto and supersedes any and all other previous agreements, oral or written.
 6. Any amendments to this MOU must be in writing and signed by all Parties.
 7. Each Party hereto agrees to cooperate with the other, and to execute and deliver, or cause to be executed and delivered, all such other instruments and documents, and to take all such other actions as may be reasonably requested of it from time to time, in order to effectuate the provisions and purposes of this MOU.
 8. Time is of the essence in each and all of the provisions of this MOU.
 9. Any waiver by any Party hereto of a breach of any of the terms of this MOU shall not be construed as a waiver of any succeeding breach of the same or other term of this MOU.
 10. This MOU shall be binding upon the successors and assigns of the Parties.
 11. Each Party has had the opportunity to participate in the drafting and preparation of this MOU and represents that it has reviewed this MOU with counsel. No Party shall deny the validity of this MOU on the ground that such Party did not have the advice of counsel. The provisions and terms of this MOU shall not be construed in favor or against any Party.
 12. This MOU may be executed in one or more counterparts, all of which together shall constitute one and the same agreement.
 13. In the event any provision of this MOU is held by a court of competent jurisdiction or arbitration to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.
 14. This MOU is to be construed under California law.
 15. Each Party certifies that each individual signing below has the authority to execute this MOU on behalf of his/her respective Party.
 16. This MOU shall terminate automatically upon completion of the Study and fulfillment of all obligations by the Parties under this MOU.

SIGNATURE PAGES TO FOLLOW

COUNCIL OF SAN BENITO COUNTY GOVERNMENTS

APPROVED AS TO LEGAL FORM

Sloan Sakai Yeung & Wong LLP

Ignacio Velazquez, Chair

Osman I. Mufti, SBCOG Legal Counsel

Date: _____

Date: _____

(Signatures continue on the following page)

COUNTY OF SAN BENITO, a political subdivision of the State of California

APPROVED AS TO LEGAL FORM

San Benito County Counsel's Office

Kollin Kosmicki, Chair

Dave Prentice, County Counsel

Date: _____

Date: _____

(Signatures continue on the following page)

CITY OF HOLLISTER, a municipal corporation

APPROVED AS TO LEGAL FORM

Hollister City Attorney's Office

Roxanne Stephens, Mayor

Mary F. Lerner, Attorney at Law

Date: _____

Date: _____

(Signatures continue on the following page)

CITY OF SAN JUAN BAUTISTA, a municipal corporation

APPROVED AS TO LEGAL FORM

Kennedy, Archer, & Giffen

Leslie Q. Jordan, Mayor

Jon Giffen, San Juan Bautista Legal Counsel

Date: _____

Date: _____



CITY OF SAN JUAN BAUTISTA CITY COUNCIL STAFF REPORT

DATE: AUGUST 19, 2025

DEPARTMENT: ADMINISTRATIVE SERVICES

FROM: ELIZABETH SOTO, CMC, CPMC, CITY CLERK /
ADMINISTRATIVE SERVICES DIRECTOR

BY: REGIONAL GOVERNMENT SERVICES

TITLE: PERSONNEL POLICIES

RECOMMENDED MOTION:

Approve a Resolution Repealing and Replacing Resolution No. 2018-26 and Resolution No. 2021-66, Approving the City of San Juan Bautista Personnel Policies, and Repealing and Replacing the Provisions of any Resolution in Conflict.

RECOMMENDATION:

It is recommended that the City Council approve a Resolution Adopting the Revised City of San Juan Bautista Personnel Policies, and Repeal and Replace previous Resolutions that are in conflict.

EXECUTIVE SUMMARY:

The City Council last approved a comprehensive update to the City Personnel Policies on June 19, 2018. The City of San Juan Bautista Personnel Policies revised for 2025 will replace the 2018 version and supersede any existing resolutions that are conflicting.

BACKGROUND:

The City Council last approved updates to the City of San Juan Bautista Personnel Policies on November 16, 2021 (Resolution No. 2021-66) and approved the last comprehensive update to the City's Personnel Policies on June 19, 2018 (Resolution No. 2018-26).

In 2024, the City Manager authorized the Administrative Services Director to prepare a comprehensive update to the City's personnel policies, to make revisions based on federal and state law and regulation changes, as well as to incorporate flexibility and clarity.

The Personnel Rules (Attachment 2) will serve as a living document that is reviewed and updated as often as necessary to ensure compliance with laws and regulations, acknowledge industry standard practices, and ensure consistency and fairness.

A summary of the changes to the City's personnel policies is provided below. It should be noted that many of the changes are formatting, reorganization of sections, and re-wording to eliminate inconsistencies and improve clarity.

- Reorganized and renumbered the sections
- Section 4.5 Political Activities renamed Limitations on Political Activities and subsections added
- Section 6 Reasonable Accommodations renamed Reasonable Accommodation and Interactive Process and subsections added
- Section 7 Whistleblower Protection added
- Section 11 Safety and Workers Compensation added

In addition, the Family Medical Leave and the Drug-Free Workplace policies are included in the Personnel Policies as Appendix A and Appendix B respectively to allow for ease of updating due to federal and state law and regulation changes.

The revised City of San Juan Bautista Personnel Policies will supersede any existing resolutions that are conflicting.

FISCAL IMPACT:

There is no direct fiscal impact from the staff recommendation.

ATTACHMENTS:

1. Resolution
2. City of San Juan Bautista Personnel Policies

RESOLUTION NO. 2025- XX

A RESOLUTION OF THE CITY OF SAN JUAN BAUTISTA REPEALING AND REPLACING RESOLUTION NO. 2018-26 AND RESOLUTION NO. 2021-66, APPROVING THE CITY OF SAN JUAN BAUTISTA PERSONNEL RULES, AND REPEALING AND REPLACING THE PROVISIONS OF ANY REOLUTION IN CONFLICT

WHEREAS, the City Council adopted Resolution 2018-26 on June 19, 2018, which amended and replaced the personnel rules adopted by Resolution 2000-17 and established formal personnel policies for City staff; and

WHEREAS, the City Council adopted Resolution 2021-66 on November 16, 2021, amending the personnel policies regarding overtime pay and educational incentives; and

WHEREAS, the City Manager authorized the Administrative Services Director to prepare a comprehensive update to the City’s personnel policies to include formatting changes, reorganization of sections, re-wording to eliminate inconsistencies, and updates as listed in the corresponding staff report; and

WHEREAS, these changes are presented as the City of San Juan Bautista Personnel Rules attached to this Resolution; and

WHEREAS, the City of San Juan Bautista Personnel Rules shall supersede any conflicting resolutions.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA HEREBY FINDS:

1. That the recitals in this Resolution and accompanying staff report are true and correct and are hereby made a part of this Resolution.
2. Resolution No. 2018-26 and Resolution No. 2021-66 are hereby rescinded.
3. Approves the City of San Juan Bautista Personnel Rules in the form attached hereto to supersede any existing and conflicting resolutions.

PASSED AND ADOPTED by the City Council of the City of San Juan Bautista on this 19th day of August, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Leslie Q. Jordan, Mayor

ATTEST:

Elizabeth Soto, City Clerk

ATTACHMENT:

1. City of San Juan Bautista Personnel Rules

CITY OF SAN JUAN BAUTISTA PERSONNEL POLICIES

AUGUST 2025



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RULE I. DEFINITION OF TERMS

The terms used in these policies shall have the meanings as defined below:

- Section 1.** “Advancement”: A salary increase within the limits of a pay range established for a class.
- Section 2.** “Allocation”: The assignment of a single position to its proper class in accordance with the duties performed, and the authority and responsibilities exercised.
- Section 3.** “Anniversary Date”: The month and day of an employee’s appointment.
- Section 4.** “Appointing Authority”: The City Manager or designee.
- Section 5.** “Appointment”: The employment of a person by the City in a position. The types of appointments are detailed in these policies.
- Section 6.** “Class or Classification”: A position or group of positions sufficiently similar in duties, authority, and responsibility, to permit grouping under a common title in the application with equity of common standards of selection, transfer, demotion and salary.
- Section 7.** “Class Series or Classification Series”: The placement of two or more classifications within a group where the classifications within the series perform similar types of job duties and are primarily distinguished by the level of responsibility and the complexity of assigned duties.
- Section 8.** “Class Specifications”: A written description of a class of work, including an appropriate class title, the level of the work assigned, and the desirable knowledge, skill and ability standards for positions assigned to the class.
- Section 9.** “City”: The City of San Juan Bautista.
- Section 10.** “Compensation”: Salary and other direct pay plus all employee benefits.
- Section 11.** “Competitive Service”: All positions of employment in the service of the city except those excluded by 2-4-110 of the personnel ordinance.
- Section 12.** “Contract Employee”: An employee whose employment is designated by contractual agreement for specific services and duration of time, and who is exempt from the competitive service.
- Section 13.** “Day”: Means calendar day unless otherwise stated.
- Section 14.** “Demotion”: The movement of an employee from one class to another class having a lower maximum base rate of pay.



RULE I. DEFINITION OF TERMS

- Section 15.** “Disciplinary Action”: Disciplinary action may include a written reprimand, suspension, demotion, reduction in pay, or discharge of an employee for punitive reasons and not for any non-punitive reasons.
- Section 16.** “Dismissal”: The involuntary termination of an employee.
- Section 17.** “Domestic Partnership or Registered Domestic Partnership”: Domestic partner or registered domestic partner is as defined in California Family Code section 297.
- Section 18.** “Elected Officials”: The elected City Clerk, elected City Treasurer, and the elected City Council Members.
- Section 19.** “Eligible”: A person whose name is on a City employment list.
- Section 20.** “Employee”: A person legally employed by the City in a position.
- Section 21.** “Employment Eligibility List”: A list of qualified candidates for potential appointment to a position within a class.
- Section 21.1.** “Open Employment List”: A list of names of persons who have taken an open-competitive examination for a class in the competitive service and have been determined to be qualified.
- Section 21.2.** “Promotional Employment List”: A list of names of persons who have taken a promotional examination for a class in the competitive service and have been determined to be qualified.
- Section 22.** “Examination”: The process of recruitment for employment, including the testing, selection and evaluation processes used to measure the relative fitness of persons applying for a position with the City.
- Section 22.1.** “Open-Competitive Examination”: A recruitment for a particular class which is open to all persons meeting the qualifications for the class.
- Section 22.2.** “Promotional Examination”: A recruitment for a particular class which is open only to existing regular employees meeting the qualifications for the class.
- Section 22.3.** “Continuous Examination”: An open competitive examination which is administered periodically and as a result of which names are placed on an employment list, in order of final scores, for a period of not more than one year.
- Section 23.** “Full-Time Employee”: An employee who works a schedule in accordance with applicable State and Federal Laws, which is at least forty (40) hours of work within a period of seven (7) consecutive days.



RULE I. DEFINITION OF TERMS

- Section 24.** “Lay-Off”: The indefinite termination of employment without fault on the part of employees from the active work force due to lack of work or funds, or to the abolition of positions by the City Council for the above reasons or due to organizational changes.
- Section 25.** “Leave of Absence”: Authorized absence, with or without pay, by an employee from work.
- Section 26.** “Limited Term Employee”: A person who is employed to perform a specific assignment or position for a limited period of time. Limited term employees shall be considered exempt from the competitive service. Limited term employees may also be referred to as “seasonal employees.”
- Section 27.** “Part-Time Employee”: An employee who works a schedule in accordance with applicable State and Federal Laws, which is less than thirty (30) hours of work within a period of seven (7) consecutive days.
- Section 28.** “Personnel Ordinance”: Ordinance No. 211 which creates a personnel system for the City.
- Section 29.** “Position”: A group of duties and responsibilities in the competitive service requiring the full-time or part-time employment of one person.
- Section 30.** “Promotion”: The movement of an employee from one class to another class having a higher maximum base rate of pay. Movement within a class series is not considered a promotion.
- Section 31.** “Provisional Appointment”: An appointment of a person who possesses the minimum qualifications established for a particular class and who has been appointed to a position in that class in the absence of available eligibles. In no instance shall a provisional appointment exceed six (6) months.
- Section 32.** “Overtime”: Work accomplished within a period of seven (7) consecutive days which exceeds forty (40) hours within the period. All Overtime, regardless of employee position, class or exempt/non-exempt status must receive prior approval from the City Manager.
- Section 33.** “Overtime Rate”: A compensation rate paid to a non-exempt employee for authorized overtime worked, which equals one and one-half times (1½) the employee’s regular rate of pay.



RULE I. DEFINITION OF TERMS

- Section 34.** “Reclassification”: The reassignment of a position by raising it to a higher class, reducing it to a lower class, or by moving it to another class at the same level as measured by change in the kind, difficulty, and responsibility of the work performed. Movement within a class series is considered to be a reclassification.
- Section 35.** “Reemployment”: The reappointment, without examination, of a former employee who had regular full or parttime status and who resigned in good standing to the last class the employee previously held.
- Section 36.** “Regular Employee”: An employee in the competitive service who has been retained as provided in these policies.
- Section 37.** “Reinstatement”: The restoration without examination of a former regular employee to a classification in which the employee formerly served.
- Section 38.** “Relief of Duty”: The temporary assignment of an employee to a status of leave with pay.
- Section 39.** “Salary Range”: The minimum, maximum, and intermediate salary steps that are assigned to a class and the positions within a class.
- Section 40.** “Seniority”: The total consecutive length of service of an employee with the City in regular status adjusted for any periods during which the employee was on unpaid status as provided by these policies.
- Section 41.** “Supervisor”: An employee with the responsibility for organizing, directing, and evaluating the work of other employees.
- Section 42.** “Suspension”: The temporary separation from service of an employee without pay for disciplinary purposes.
- Section 43.** “Temporary Employee”: An employee who is appointed to a temporary or regular full or parttime position for a limited period of time.
- Section 44.** “Termination of Employment”: The separation of an employee from the City service because of retirement, resignation, death or dismissal.
- Section 45.** “Transfer”: Either: (1) the movement of an employee from one position to another position in the same class, but to another department; or (2) the movement of an employee from one position to a position in another class with the same salary range and with the same minimum qualifications.
- Section 46.** “Vacancy”: An authorized position that is not occupied.



RULE II. GENERAL PROVISIONS & POLICIES

SECTION 1. FAIR EMPLOYMENT PRACTICES

Any technique or procedure used in recruitment and selection of employees shall be designed to measure only the job-related qualifications of applicants. No recruitment or selection technique shall be used which, in the opinion of the City Manager, is not justifiably linked to successful job performance. In accordance with applicable state, federal and local laws, the City does not discriminate against any protected class.

SECTION 2. EMPLOYMENT AT WILL POLICY

The City's Personnel Policies, Personnel Rules, Handbook, Applications for Employment, and written offers of employment are not contracts and do not guarantee employment for any duration, in any way, express or implied. Either the City or the employee may terminate the employment relationship at any time, for any reason, with or without cause or notice. Further, the production and provision of these policies to employees shall not convey or imply any legal or contractual rights to any employee. Only the City Manager has the authority, when authorized by the City Council, to enter into any agreement with a prospective employee for employment for a specific period, or to make any promises or commitments contrary to the foregoing. Further, any employment agreement entered into by the City Manager shall not be enforceable unless it is in writing.

SECTION 3. EQUAL EMPLOYMENT OPPORTUNITY POLICY

The City is an equal opportunity employer. The City prohibits discrimination against employees or applicants for employment on the basis of race, religion, color, sex, religious creed, national origin, ancestry, gender, gender identity, gender expression, sexual orientation, marital status, age, physical or mental disability, medical condition, pregnancy, military service and veteran status, pregnancy, childbirth and related medical conditions, genetic information, or any other basis protected by applicable state, federal or local law. The City will afford equal employment opportunity to all qualified employees and applicants as to all terms and conditions of employment, including compensation, hiring, training, promotion, transfer, discipline and termination. Employees who believe they have experienced any form of employment discrimination are encouraged to report this immediately, using the complaint procedure in Section 5, or by contacting the Equal Employment Opportunity Commission (EEOC) or the California Civil Rights Department (CRD)..

SECTION 4. EMPLOYEE ETHICAL STANDARDS

Section 4.1 General Policy

Employees of the City are required to discharge the duties and responsibilities of the positions with professional integrity, regardless of personal considerations. Employees are expected to recognize that the public interest, as articulated by City policy, is their primary concern. The conduct of City employees in their official capacity must be beyond reproach.



RULE II. GENERAL PROVISIONS & POLICIES**Section 4.2 Employee Expectations**

No City employee shall engage in any act which is in conflict or creates an appearance of unfairness or conflict with the performance of official duties. To meet the standards in this policy, employees must:

- Disclose all financial interests which may constitute a conflict of interest with official duties and disclose the nature and extent of personal interest in any business entity engaging in any transaction with the City as required under the City's conflict of interest resolution. An employee is participating in any City decision which could affect their personal or financial interests in violation of the City's conflict of interest resolution.
- Refuse to accept gifts, gratuities, services or promise of future benefit from any person, firm, entity or corporation doing business with the City, where such gift, gratuity favor, service or promise could compromise independence of judgment or action as a public official or employee. Employees should disclose any offer of gift, favor, service or promise to the City Manager immediately. Refrain from engaging in activities or employment that may appear to be, or are incompatible with public duties, whether on or off duty. Except with the approval of the City Manager, employees of the City should not become involved or affiliated with any agency or entity that receives funds from the City, either directly or indirectly, whether that association or affiliation may create a conflict of interest, or an appearance of a conflict of interest or impropriety.
- Refrain from disclosing, publicizing, using, or validating information concerning City government or other employees and officials which is confidential, or protected without prior authorization, confidential information concerning property or affairs of the City to advance a private interest with respect to any contract or transaction which is or may be the subject of official action of the City.
- Refrain from using any City funds or property for personal or private gain. Employees must be honest in all dealings, in whatever capacity, with City funds, properties or facilities.
- Refuse to represent private interests before government agencies in any matter in which the City is a party, or in which the employee's official position with the City is, or may be, a consideration in or influence the decision of such agency on the matter before it.
- Comply with the provisions of the Political Reform Act, as regulated by the Fair Political Practices Commission, or any other state or federal laws governing conflict of interest matters.



RULE II. GENERAL PROVISIONS & POLICIES**Section 4.3 Gifts on Behalf of the City**

The City Manager or designee is permitted to accept a gift, gratuity, or favor on behalf of the City and may distribute such gift, gratuity, and favor as appropriate to City employees and elected officials in accordance with Fair Political Practices Commission regulations. (Examples may include sporting events tickets or cultural events tickets.)

Section 4.4 Use of Public Property

No employee of the City shall request, use, or permit the use of City-owned vehicles, clothing, equipment, materials, or other property for unauthorized personal convenience, for profit, for private use, or as part of secondary employment. City property is to be used solely for the purpose of conducting official City business.

Section 4.5 Limitations on Political Activities**Section 4.5.1 No Solicitation During Work Hours or City Offices**

City employees or officers may not solicit or receive political funds or contributions to promote the passage or defeat of any ballot measure that would affect working conditions during the working hours of its officers and employees, or in City offices.

Section 4.5.2 No Targeted Solicitation of City Officers or Employees

Officers or employees of the City, or candidates for elective office of the City may not directly or indirectly solicit political contributions from other officers or employees of the City unless the solicitation is part of a solicitation made to a significant segment of the public which may incidentally include officers from and employees of the City.

Section 4.5.3 No Political Activity in Uniform

City employees or officials are prohibited from participating in political activities of any kind while in a City uniform or other City-issued clothing.

Section 4.5.4 No Political Activity on City Property or Work Hours

City employees and officials are prohibited from engaging in political activity during working hours or on City property.

Section 4.6 Outside Employment**Section 4.6.1 Incompatible Outside Employment Prohibited**

No employee of the City shall engage in any employment, activity or enterprise that would detract from their effectiveness as a City employee or that is inconsistent, incompatible, in conflict with, or contrary to their duties as an employee of the City. An individual's outside employment, activity or enterprise is inconsistent, incompatible, in conflict with, or contrary to an employee's duties, functions or responsibilities if it:

- Involves the use for private gain or advantage of the City's time, facilities, equipment, or supplies; or the badge, uniform, prestige or influence of the City;



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- Involves receipt or acceptance by an employee of any money or other consideration from anyone other than the City for the performance of an act which the employee would otherwise be required or expected to perform in the regular course of their duties as a City employee;
- Involves the performance of an act in other than the capacity as an employee of the City, which act may later be subject directly or indirectly to the control, inspection, review, audit or enforcement of any other City employee, City official or City officer;
- Involves such time demands as would render performance of duties as a City employee less efficient.

Section 4.6.2 Reporting Outside Employment

Employees seeking to engage in outside employment, whether it be accepting a second job, self-employment or otherwise, must submit written requests to engage in such employment to the City Manager. The request shall include:

- The name and address of the employer;
- A summary of the nature of employment;
- The number of hours to be worked by day, week, month, and/or quarter as appropriate;
- Whether the outside employment will utilize any City owned/controlled facilities, equipment, information, records, supplies, and/or uniforms;
- Whether the outside employer will provide workers' compensation and liability insurance during said outside employment; and
- The phone number of the employer in the event that the City should need to contact the employee under emergency or relief situations.

The City Manager will consider all requests and provide written notice to an employee of the determination on that employee's request. An employee may request review of that determination by the City Council.

All employees holding or considering second jobs must obtain permission from the City Manager to ensure that the job will not create a conflict of interest or interfere with the proper performance of their duties. An employee who engages in any outside employment without written authorization from the City Manager, or who performs work that exceeds the scope of a written authorization, is subject to discipline, up to and including termination.

Outside employment is defined to mean any employment, activity or enterprise outside of an employee's normal City working hours wherein the employee is compensated for specific hours or duties on a regular basis. Outside employment does not include sporadic employment or occasional employment unless the employee is required to perform work related to their position with the City or utilize any City owned/controlled facilities, equipment, information, records, supplies, and/or uniforms.



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Section 4.6.3 General Terms

During the workday, employees are expected to devote their full time to the performance of their assigned duties as City employees. Any approved outside employment must be performed during off-duty, unpaid hours.

Employees who have accepted outside employment are prohibited from using paid leave time to work on the outside job or as a result of an injury sustained while performing outside employment. Any employee who engages in outside employment while on sick leave shall be subject to discipline, up to and including dismissal.

All provisions of this Section 4.6.2 shall apply to any outside employment held by an employee or officer on the effective date of this section, as well as any outside employment sought after such effective date. Provided, however, that as to any outside employment held on the effective date of this section, which was not previously approved in writing, the City Manager shall allow a reasonable period, not to exceed six (6) months, for disassociation with such outside employment. In the event the employee refuses to comply, disciplinary action may be taken. This six (6) month grace period shall not apply to any outside employment that constitutes a violation of the City's Conflict of Interest Code. Employees engaged in outside employment in violation of the City's Conflict of Interest Code shall be required to immediately terminate such employment, or they may be subject to disciplinary action by the City, up to and including the termination of their City employment.

Section 4.7 Procedures

Section 4.7.1 Interpretation

Interpretations of this policy shall be referred to the City Manager.

Section 4.7.2 Investigation

The City Manager or designee shall investigate or refer the matter to an outside agency or an independent third party for an investigation, all allegations and written complaints of unethical conduct. Complaints or allegations that may be criminal in nature may be referred to an appropriate outside agency for investigation.

SECTION 5. PROHIBITION AGAINST HARASSMENT, DISCRIMINATION, AND RETALIATION

Section 5.1 Policy Statement

The City is committed to providing all employees, applicants, officers, officials, volunteers, interns and contractors with a workplace that is free from harassment, discrimination or retaliation as defined in this policy. The City has zero tolerance for any conduct that violates this policy. Conduct need not violate either federal or state law to constitute a violation of this policy.



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A single act by a City employee may constitute a violation of this policy and provide sufficient grounds for the City to discipline the City employee. The City expressly prohibits any retaliation against an employee because they filed or supported a complaint or because they participated in the investigation or complaint resolution process. Individuals found to have retaliated against an employee in violation of this policy will be subject to appropriate sanction or disciplinary action, up to and including termination of employment.

Section 5.2 Policy Coverage

The City's policy against harassment, discrimination and retaliation prohibits elected officials, appointed officials, officers, employees, volunteers, interns and contractors from harassing or discriminating against applicants, officers, officials, employees, volunteers, interns and contractors because: (1) of an individual's protected characteristic; (2) of the perception that an individual has a protected characteristic; or (3) the individual associates with a person who has or is perceived to have a protected classification.

This policy applies to all terms and conditions of employment, internships, and volunteer opportunities, including, but not limited to, selection, hiring, placement, promotion, disciplinary action, layoff, recall, transfer, leave of absence, compensation, and training.

Section 5.3 Definitions

Section 5.3.1 Protected Classification

Protected classification refers to an employee's race, religion, color, sex, religious creed, national origin, ancestry, gender, gender identity, gender expression, sexual orientation, marital status, age (over 40), physical or mental disability, medical condition, pregnancy, military service and veteran status, pregnancy, childbirth and related medical conditions, genetic information, or any other basis protected by applicable state, federal or local law.

Section 5.3.2 Protected Activity

This policy prohibits discrimination, harassment, and retaliation because of an individual's protected activity.

Protected activity includes, but is not limited to, the following activity: (1) making a request for an accommodation for a disability; (2) making a request for accommodation for religious beliefs; (3) making a complaint under this policy; (4) opposing violations of this policy; or (5) participating in an investigation under this policy.

Section 5.3.3 Discrimination

This policy prohibits treating a covered individual differently and adversely because of the individual's actual or perceived protected classification; because the individual associates with a person who is or is perceived to be a member of a protected classification; or because the individual participates in a protected activity as defined in this policy.



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Section 5.3.4 Harassment

Harassment is defined as unwelcome conduct that creates an intimidating, offensive or hostile work environment that interferes with work performance. This policy prohibits harassment of a covered individual because of the individual's actual or perceived protected classification. Harassment includes but is not limited to:

- Derogatory, offensive or inappropriate speech, such as slurs, jokes, insults, epithets, gestures or teasing. This includes, but is not limited to, comments, stories, and jokes about appearance, dress, physical features, gender identification, and race;
- Visual acts, such as offensive posters, symbols, cartoons, drawings, computer displays, or e-mails related to a protected classification;
- Physical acts, such as assault, physically threatening another, blocking someone's way or offensive touching or physical interference with normal work or movement. This includes, but is not limited to, pinching, grabbing, patting, or making explicit or implied job threats or promises in return for submission to physical acts; and
- Unwanted sexual advances, requests for sexual favors and other acts of a sexual nature, where submission is made a term or condition of employment, where submission to or rejection of the conduct is used as the basis for employment decisions, or where the conduct is intended to or does unreasonably interfere with an individual's work performance or create an intimidating, hostile, or offensive working environment.

Harassment includes conduct that another individual who is a member of the protected classification would find unwelcome or unwanted. Harassment may include the following:

- Conduct that is not intended to harass. Conduct may violate this policy if the conduct is directed at or implicates a protected classification and the recipient finds the conduct to be offensive or inappropriate, even if its well-intentioned conduct (e.g., gifts, over-attention, endearing nicknames, hugs).
- Conduct to which the recipient appears to have consented. The City does not recognize as a defense that the recipient appeared to have consented to the conduct by failing to protest about the conduct. A recipient may not protest offensive or inappropriate conduct for many legitimate reasons, including, but not limited to, the need to avoid being perceived as insubordinate or to avoid being ostracized or subjected to retaliation.
- Conduct about which no employees previously complained. The fact that no employee previously complained about the same or substantially similar conduct does not mean that the conduct is inoffensive or appropriate nor does that fact prevent an employee from complaining about the conduct if it is repeated.



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- Conduct witnessed by a third party or about which a third party learns, even if they did not witness the conduct. Visual, verbal, or physical conduct between two people who do not find such conduct to be offensive or inappropriate may constitute harassment if a third party witnesses the conduct or learns about the conduct later and finds the conduct to be offensive or inappropriate. Conduct can constitute harassment even if it is not explicitly or specifically directed at a particular individual.
- Conduct can constitute harassment even if the individual has no intention to harass. Conduct that may be well-intentioned conduct (e.g., gifts, over-attention, endearing nicknames, hugs) may nevertheless constitute harassment if the conduct is directed at, or implicates a protected classification, and if the individual finds such conduct inappropriate or offensive.

Section 5.4 Retaliation

Retaliation occurs when an employer takes adverse action against a covered individual because of the individual's protected activity as defined in this policy. No employee will be subject to, and the City prohibits, any form of disciplinary action, counseling, taking sides because an individual has reported harassment or discrimination, spreading rumors, shunning or avoiding an individual who reports harassment or discrimination, making real or implied threats for reporting perceived violations of this provision of the rule, pursuing any such claim, or cooperating in any way in the investigation of such claims.

If an employee believes someone has violated this no-retaliation provision, the employee should bring the matter to the immediate attention of the Administrative Services Director, any City official or officer, or the City Manager. Anyone, regardless of position or title, who the City determines has engaged in conduct that violates this rule against retaliation will be subject to discipline, up to and including termination of employment.

Section 5.5 Reporting Procedures

An applicant, employee, officer, official, contractor, or volunteer who believes they have been subjected to harassment, discrimination or retaliation in violation of this policy should report the conduct immediately to the Administrative Services Director, any City official or officer, or the City Manager, without regard to any chain of command. Any employee who receives a complaint must in turn direct the complaint to the City Manager or designee who will determine what level of investigation and response is necessary. Any supervisory or management employee who receives a harassment complaint should immediately notify the Administrative Services Director.



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The City will promptly investigate the facts and circumstances of any claimed violation of this Rule. To the extent possible, the City will endeavor to keep the reporting individual's concerns confidential. Complete confidentiality cannot occur, however, due to the need to fully investigate potential violations of this rule and take effective remedial action.

Upon receipt of notification of a complaint regarding harassment, discrimination, or retaliation, the City Manager or designee will be responsible for coordinating a thorough investigation (unless they are named in the complaint). The City Manager, or designee, will complete and or delegate the following steps:

Authorize and supervise the investigation of the complaint and/or investigate the complaint. The investigation will usually include interviews with the following individuals: (1) the complainant; (2) the accused (i.e., the subject of the investigation); (3) witnesses to the conduct at issue in the complaint; and (4) other persons who have relevant knowledge concerning the allegations in the complaint.

- Review the information gathered during the investigation to determine whether the alleged conduct violated the policy considering all factual information, the totality of the circumstances, including the nature of the conduct, and the context in which the alleged incidents occurred.
- Prepare a summary report of the determination as to whether the conduct violated this policy and provide the report to the City Manager. If discipline or sanctions are imposed, the level of discipline or sanctions will not be communicated to the complainant.
- If conduct in violation of this policy occurred, take or recommend to the appointing authority prompt and effective remedial action. The remedial action will be proportional to the severity of the offense.
- Take reasonable steps to protect the complainant from further harassment, discrimination, or retaliation.

The City Manager or designee may take interim action, such as placing the alleged perpetrator on paid administrative leave or transferring the alleged perpetrator. If the complaint is made against the City Manager, the Mayor or the Mayor's designee will be responsible for coordinating the investigation.

If the investigation determines that the alleged conduct occurred and that the conduct violated this rule, the City will take corrective measures. These measures may include, but are not limited to, counseling, suspension, or immediate termination of employment. Anyone, regardless of position or title, who the City determines has engaged in conduct that violates this policy will be subject to discipline, up to and including termination of employment.



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Section 5.6 Dissemination of Policy

All City officials, officers, employees, volunteers and interns shall receive a copy of this policy when they are hired. The policy may be updated from time to time and, as such times, will be redistributed to all employees.

Section 5.7 Proactive Approach

The City takes a proactive approach to potential policy violations and will investigate if its supervisory or management employees become aware that harassment, discrimination or retaliation occurred or may be occurring, regardless of whether the recipient or third party reports a potential violation.

Section 5.8 Right to File Report with Outside Administrative Agencies

Individuals have the right to report workplace harassment, discrimination, or retaliation to the Equal Employment Opportunity Commission (EEOC) or the California Civil Rights Department (CRD). The nearest EEOC and CRD offices are listed on the internet and in the government section of the telephone book or on City bulletin boards.

SECTION 6. REASONABLE ACCOMMODATION AND INTERACTIVE PROCESS

Section 6.1 Reasonable Accommodation

Absent the imposition of undue hardship to the City or its operations or the existence of a direct threat to either the health and safety of employee requesting the accommodation or others, the City will provide employment-related accommodations to the following employees and applicants for employment:

- Qualified individuals with disabilities, both applicants and employees, to enable them to perform essential job functions;
- Employees with conditions related to pregnancy, childbirth, or a related medical condition, if she so requests, and with the advice of her health care provider;
- Employees, or members of an employee's family who is/are victims of "qualifying acts of violence"; and
- Employees who request reasonable accommodation to address a conflict between religious belief or observance and any employment requirement.

Section 6.2 Supporting Documentation or Certification

Section 6.2.1 Reasonable Medical Documentation of Disability

The City requires the individual to provide reasonable medical documentation confirming the existence of the disability and the need for reasonable accommodation, along with the name and credentials of the individual's health care provider.



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If the individual provides insufficient documentation, the City will: (1) explain the insufficiency; (2) allow the individual to supplement the documentation; and (3) pursue the interactive process only to the extent that the request for reasonable accommodation is supported by the medical documentation provided.

If the employee's condition causes the employee to be unable to perform the essential functions of their position even with a reasonable accommodation, the City may separate the employee from employment.

Section 6.2.2 Medical Certification for Reasonable Accommodation or Transfer Due to Pregnancy or Related Conditions

If a pregnant employee, or an employee with a pregnancy-related condition, requests a reasonable accommodation, the City will provide the employee with notice of the need for a medical certification within two business days after the employee's request for accommodation. A medical certification confirming the need for a reasonable accommodation is sufficient if it contains:

- A description of the requested accommodation;
- A statement describing the medical advisability of the accommodation due to pregnancy; and
- The date that the need for the accommodation will become necessary and the estimated duration of the accommodation.

Section 6.2.3 Certification of Victim Status / Qualifying Act of Violence

An employee who is a victim of domestic violence, sexual assault, stalking, or crime and who requests an accommodation to provide for their safety while at work must provide both of the following:

- A written statement signed by the employee or an individual acting on the employee's behalf, to certify that the accommodation is to address victim-safety concerns while at work; and
- A certification demonstrating the employee's status as a victim of domestic violence, sexual assault, or stalking, which can be in the form of: a police report indicating the employee's victim status; a court order separating the perpetrator from the employee or that the employee has appeared in court for that purpose; or documentation from a medical professional or counselor that the employee is undergoing treatment for physical or mental injuries or abuse resulting from an act of domestic violence, sexual assault, stalking, or crime.



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Section 6.3 Fitness for Duty Examinations

After the City extends a conditional offer of employment to an applicant, the City may require the applicant to submit to a fitness for duty examination that is job-related, necessary for efficient operations of the agency, and required of all applicants for the job classification. The City will notify an applicant or employee who is required to pass a medical and/or psychological examination of their right to obtain a second opinion at their expense and that he/she may submit such second opinions for consideration.

Section 6.3.1 Current Employee

The City may require an employee to submit to a fitness for duty examination to determine whether the employee has a disability and is able to perform the essential functions of their job when there is significant evidence of the following:

- The employee's ability to perform one or more essential functions of their job has declined; or
- Could cause a reasonable person to question whether an employee is still capable of performing one or more of their essential job duties, or is still capable of performing those duties in a manner that does not harm themselves or others

Section 6.4 Interactive Process

When the occurrence of any of the above circumstances trigger the need to conduct an interactive process meeting, the Administrative Services Director will promptly arrange for a discussion or discussions, in person or via conference telephone call, with the applicant or employee and their designated representative (if any). The purpose of the interactive communications will be to discuss in good faith all feasible potential reasonable accommodations. The Administrative Services Director will document these communications in writing.

After the interactive process communications, the Administrative Services Director will review the information received, and determine: whether all available information has been reviewed; whether all potential accommodations that the applicant or employee has suggested have been considered; whether additional discussions with the applicant or employee would be helpful; whether the applicant's or employee's preferences have been taken into account; if there is a reasonable accommodation that would enable the applicant or employee to perform essential job functions without harming themselves or others; and if the accommodations would pose an undue hardship on City finances or operations. The Administrative Services Director will inform the applicant or employee of their determination in writing. The Administrative Services Director will use their discretion based upon the particular facts of each case.



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Section 6.4.1 Potential Accommodations for Applicants or Employees With Disabilities

Depending on the facts of each case, the interactive process analysis will generally begin with a review of possible reasonable accommodations that would enable the individual to retain their current job. The process will generally move on to possible reasonable accommodations in other vacant jobs, for which the individual is qualified, if there is no reasonable accommodation in the current job that does not cause undue hardship, or that does not present a risk of harm to the individual or others. The City will consider accommodations that the applicant or employee suggests but has the right to select and implement any reasonable accommodation that it believes effective.

Section 6.4.2 Potential Pregnancy Related Accommodations

Depending on the facts of each case, the interactive process will attempt to identify and implement a reasonable accommodation that is consistent with the medical certification applicable to the applicant or employee. Whether an accommodation is reasonable is a case-by case analysis that considers several factors, including, but not limited to the employee's medical needs; the duration of the needed accommodation; and the employer's legally permissible past and current practices.

Section 6.4.3 Potential Accommodations for Victims of Qualifying Act of Violence

Depending on the facts of each individual case, the interactive process analysis will review all possible accommodations that would enhance the safety of the employee victim at work considering any exigent circumstance or danger facing the employee or their family member. In determining what accommodation is reasonable, the City will consider the exigent circumstance or danger facing the employee. The City will consider the preferences of the employee to be accommodated but has the right to select and implement any accommodation that it deems effective.

Section 6.4.4 Accommodation of Religious Beliefs and Practices

Depending on the facts of each case, the interactive process analysis will review all possible accommodations that would resolve the conflict between the religious belief or observance and any employment requirement. The City will consider the preference of the employee or applicant but has the right to select and implement any accommodation that it deems effective .

SECTION 7. WHISTLEBLOWER PROTECTION

The City prohibits all the following:

- Taking any retaliatory adverse employment action against an employee because the employee has or is believed to have disclosed information to any government or law enforcement agency, including to the City, if the employee has reasonable cause to believe that the information discloses a violation of state or federal law, or a violation or noncompliance with a local, state, or federal rule or regulation;



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- Preventing an employee from disclosing information to a government agency, including to the City, if the employee has reasonable cause to believe that the information discloses a violation of state or federal law, or a violation or noncompliance with a local, state, or federal rule or regulation;
- Retaliating against an employee for refusing to participate in any activity that would result in a violation of state or federal law, or a violation or noncompliance with a local, state, or federal rule or regulation; and
- Retaliating against an employee because the employee's family member has or is perceived to have engaged in any of the protected activities listed above.

This policy governs and protects City officials, officers, employees, or applicants for employment.

An applicant or employee, who feels they have been retaliated against in violation of this policy should immediately report the conduct according to the complaint procedure in the City's policy against discrimination, harassment or retaliation so that the complaint can be resolved fairly and quickly. Supervisors and managers have the same responsibilities as defined in the policy against discrimination, harassment or retaliation.

SECTION 8. EMPLOYMENT OF RELATIVES, SPOUSES, DOMESTIC PARTNERS

Section 8.1 General Policy

It is City policy not to discriminate in its employment or personnel actions with respect to its employees and applicants on the basis of marital or registered domestic partner status. However, the City reserves the right to reasonably regulate, for reasons of supervision, safety, security or morale, the assignment of spouses and registered domestic partners within the same department, division, facility or unit. The City further reserves the right to decline to hire or promote the immediate family member of any employee for any reason. Promotional advancement may also be denied if the promotion places one spouse, registered domestic partner, or immediate family member under the supervision of another. Exceptions to this policy require the written approval of the City Manager.

Section 8.2 Definitions

For purposes of this policy, the following definitions apply:

- "Spouse" means one of two persons to a marriage, or two people who are registered domestic partners, as those terms are defined by state law.
- "Relative" means parent, stepparent, parent-in-law, grandparent, child, stepchild, grandchild, brother, sister, half-sister, half-brother, stepbrother, stepsister, aunt, uncle niece, nephew, or in-laws of those counted by marriage or domestic partnership.
- "Supervisor" means one in which one employee exercises the right or responsibility to control, direct, reward, or discipline another by virtue of the duties and responsibilities assigned to their City appointment.



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Section 8.3 Employees Who Are Spouses or Registered Domestic Partners

The City will not appoint, promote, or transfer a person, to the same department, division, or facility in which the person's spouse or registered domestic partner already holds a position. The City will investigate to determine if there are any reasonable modifications or changes in procedure that can be made to minimize operational concerns regarding supervision, safety, security or morale whenever the employment status of two (2) employees results in either:

- One spouse or registered domestic partner directly supervising another; or
- Two or more spouses or registered domestic partners working within the same department or division.

If no reasonable modifications or changes in procedure are available, or any modifications or changes would affect safety, security, supervision or morale, the City reserves the right to transfer or reassign one of the employees. While the wishes of the involved parties will be considered, the controlling factor in determining which relative shall be transferred shall be the positive operation, efficiency, and needs of the City. There can be no guarantee that the new position will be within the same classification or at the same salary level.

If an employee does not accept a transfer or reassignment, or in situations where no transfer or reassignment is available, the City may request the voluntary resignation of one of the employees and if one of the employees does not voluntarily resign, the City will retain one employee and terminate the other. Factors the City might use in evaluating which employee to retain include, for example, performance, tenure, position within the organization, or other factors deemed relevant by the appointing authority or designee.

Section 8.4 Employees Who Are Immediate Family Members

The City will not appoint, promote, transfer or reassign immediate family members and can move to retain one immediate family member and terminate the other if any of the following would result:

- A direct or indirect supervisory relationship between the relatives;
- The two employees having job duties which require performance of shared duties on the same or related work assignment;
- Both employees having the same supervisor; or
- A potential for creating an adverse impact on supervision, safety, security, morale or efficiency.

Factors the City might use in evaluating which employee to retain include, for example, performance, tenure, position within the organization, or other factors deemed relevant by the appointing authority or designee.



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Section 8.5 Marriage or Domestic Partnership after Employment

Transfer: If two City employees who work in the same department later become spouses or domestic partners, the Administrative Services Director has discretion to transfer one of the employees to a similar position in another department. Although the wishes of the two employees will be considered the Administrative Services Director has sole discretion to determine which employee will be transferred based upon City needs for supervision, safety, security or morale. Any transfer that results in a salary reduction is not disciplinary and is not subject to any grievance or appeal.

Separation: If continuing employment of both employees, who work in the same department and who later become spouses or domestic partners, cannot be accommodated in a way the Administrative Services Director finds consistent with the City's interest in the promotion of supervision, safety, security, or morale, then the Administrative Services Director has sole discretion to separate one employee from City employment. Absent the resignation of one employee, the less senior employee will be separated.

Section 8.6 Appeals

Any regular employee who is separated from City service under this rule may utilize the Grievance Procedure as described in these Personnel Policies. Other actions (for example, a transfer, demotion or lost opportunity for overtime or supplemental pay) are not subject to appeal.

Section 8.7 Immediate Family Members of Elected Officials

No person who is the spouse, registered domestic partner, or immediate family member of a current City elected official shall be eligible for regular position appointment.

The spouse, registered domestic partner or immediate family member of an elected official currently employed as of the date the elected official assumes office shall not be subject to automatic exclusion of employment. The City Manager may, however, utilize the provisions of this policy to transfer, reassign, or terminate the employee, if necessary, for the efficient operation of City business.

SECTION 9. WORKPLACE RELATIONSHIPS POLICY

The City defers to employees' best judgement with respect to entering workplace relationships. Should a workplace relationship develop, both employees should immediately disclose the relationship to their supervisor or the Administrative Services Director. The subject employees will be required to re-review the City's anti-harassment policies and avoid any public displays of affection with each other. Notwithstanding the preceding provisions, the City prohibits workplace relationships between superiors and subordinates given the inherent power imbalance



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SECTION 10. VIOLENCE IN THE WORKPLACE, BULLYING, AND PROHIBITED WEAPONS

Section 10.1 Policy Statement

The City is committed to providing a safe and secure workplace for employees. The City will not tolerate intimidating behavior, bullying, or acts or threats of violence in the workplace or while on City business. This rule applies to all City employees, officers, elected officials, volunteers and contracts. Any violation of this rule will lead to disciplinary action, up to and including termination of employment.

Section 10.2 Workplace Violence Prevention Program

The City has in place a Workplace Violence Prevention Program. The purpose of the Workplace Violence Prevention Program (WVPP) is to ensure that the City provides its employees and members of the public with a place to conduct the business of the City free of threats, threat of violence, intimidation, harassment, and acts of violence. It is the policy of the City to take appropriate actions to protect, as fully as possible, all employees of the City and members of the public from acts of violence, threats, intimidation, and harassment that may occur during the performance of job duties. The City will also act, including involving state or local law enforcement and pursuing prosecution through judicial or other appropriate administrative remedies, when such incidents occur.

This program does not apply to employees who are teleworking from a location of their choice, which is not under the control of the City.

All elected officials, appointed officials, and officers are responsible for the following:

- Be familiar with the WVPP policy and model behavior that is consistent with it;
- Inform all employees, contractors and volunteers under their direction of this policy and its complaint procedure;
- Immediately report any potential violation of this policy to the City Manager and/or City Attorney;
- Receive complaints that allege violations of this policy in a fair and serious manner, document steps taken to resolve the problem, and follow up with the complaining employee to ensure that the employee feels safe and there has been no further violation of this policy;
- Ensure compliance by employees, contractors and volunteers under their direction with the provisions of this policy;
- Implement appropriate disciplinary action based upon the findings of any investigation conducted pursuant to this policy;
- Regularly monitor the work environment and take immediate and appropriate action to potential and actual violations of this policy; and
- Participate in periodic training and schedule employees for training



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Section 10.4 Prohibited Weapon

Prohibited weapon means:

- Any loaded or unloaded firearm, even if the person has a valid permit for a concealed weapon.
- Any dangerous weapon such as switchblade knives, clubs, or metal knuckles.
- All knives with a fixed or fixable blade exceeding four (4) inches.
- BB or pellet guns, CO2 or spring action, spot marker or paint guns.
- Laser guns, stun guns, tasers, or unauthorized tear gas weapons, except that pepper spray, mace and similar small spray devices may be possessed for self-defense pursuant to Penal Code section 12403.7.
- Any “generally prohibited weapon” as defined by Penal Code Section 16590.

Section 10.6 Searches

The City may need to conduct inspections for purposes of enforcing this policy, to the extent allowed by law. The discovery of any violation of this policy during a search will result in disciplinary actions, up to and including termination. The discovery of any violation of any other City policy as a result of a search will also result in disciplinary action, up to and including termination. Any illegal activity discovered during a search is subject to referral to the appropriate law enforcement authorities.

SECTION 11. SAFETY AND WORKERS COMPENSATION

Section 11.1 General Statement

The City recognizes the necessity of maintaining safe working conditions and practices to ensure employee safety.

Section 11.2 Employee Responsibilities

Each employee is required to follow all established safety policies, procedures and practices, necessary to minimize risk of injury to themselves and others. Unsafe acts by employees shall be immediately pointed out by the Supervisor and proper procedure discussed. Employees shall report all unsafe conditions to the City Manager. Unsafe acts by employees or failure to report an unsafe condition may result in disciplinary action.

Section 11.3 Incident Reporting

Employees are required to report all work-related injuries, accidents, and property damage to the City Manager. If the incident occurs after regular work hours, the employee must telephone the City’s emergency number and file a verbal report as soon as possible.



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In the case of a vehicle accident involving another vehicle, the employee is required to obtain: the driver's license number, vehicle license number, names of the insurance company covering the other driver and, if the accident is investigated by a law officer, the name and title of the officer. All of this information must be given to the City Manager on the same day of the accident or next business day if the accident occurred when the City's business office was closed.

Section 11.4 Workers Compensation

The California Workers' Compensation laws cover all employees. The workers' compensation system provides for coverage of medical treatment and expenses, occupational disability leave, rehabilitation services, as well as partial payment for lost wages due to work related injuries or illness.

Section 11.4.1 Procedure

To ensure that employees receive any Workers' Compensation benefits to which they may be entitled, to the following steps are required:

- Immediately report any work-related injury to their supervisor or the Administrative Services Director;
- Seek medical treatment and follow-up care as necessary;
- Complete the Employee's Claim Form (DWC Form 1) provided by the City and return it to the Administrative Services Director; and
- If medically advised, provide the City with a medical certification regarding the need for Workers' Compensation disability leave, as well as the eventual ability to return to work from the leave.

Upon submission of a medical certification that an employee can return to work after a workers' compensation leave, the employee, under most circumstances, will be reinstated to the same position held at the time the leave began, or to an equivalent position, if available. An employee returning from a workers' compensation leave has no greater right to reinstatement than if the employee had been continuously employed rather than on leave.

Employees who are found to abuse, or fraudulently use these temporary disability provisions may be subject to corrective action up to and including termination,

SECTION 12. ALCOHOL AND DRUG FREE WORKPLACE POLICY

Employees cannot be at work under the influence of alcohol or drugs, cannot use or possess alcohol or drugs while on the job, and cannot sell, manufacture, distribute or provide drugs to any person while on the job. The City encourages employees to voluntarily seek help with drug and alcohol problems and offers a confidential Employee Assistance Program. Please refer to [Appendix B](#) for the Drug and Alcohol Free Workplace Policy.



RULE II. GENERAL PROVISIONS & POLICIES

SECTION 13. MEDICAL STANDARDS

Section 13.1 Post-Offer, Pre-employment Examinations

A post-offer, pre-employment medical examination may be required for applicants in select classes. Any pre-employment physical will be done in accordance with the standards in the Americans with Disabilities Act or other applicable law to determine whether the employee can perform the essential duties of the position, with or without reasonable accommodation.

If the results of a pre-employment examination will result in the disqualification of an applicant, the applicant will be notified and given an opportunity to submit an independent medical opinion for consideration before a final decision on disqualification is made.

No appointment may be made official until a positive determination is made that the applicant can perform the essential functions of the position, with or without reasonable accommodation.

Section 13.2 After Absence

The City may require a medical examination and/or medical release before an employee may return to work following an absence due to illness, injury, or surgery.

Section 13.3 After Classification Change

A standard medical examination may be required before an employee is appointed to a classification with more rigorous medical standards. A medical examination will be done in accordance with the standards set forth in the Americans with Disabilities Act or other applicable law.

SECTION 14. SMOKING

Smoking, including the use of electronic cigarettes, is prohibited in all City-owned or leased buildings and in any City vehicle. Smoking is also prohibited within twenty (20) feet of entrances, exits, or operable windows of City-owned or leased buildings.

SECTION 15. ELECTRONIC COMMUNICATION AND COMPUTER USE

Section 15.1 Purpose

The City's Electronic Communication and Computer systems (including all hardware and software) are the exclusive property of the City and are provided for creating and transmitting business-related information. The City treats all Electronic Communication as business information. This policy governs the use of Electronic Communication used by all City employees and elected officials. Because the use of voice mail, email and the internet raises issues of privacy, liability and records retention, the City has adopted this Electronic Communication and Computer Use Policy.



RULE II. GENERAL PROVISIONS & POLICIES

The term “Electronic Communications” includes, but is not limited to the Internet, e-mail, voice-mail, mobile phones, computers/laptops, telecommunications devices, video and audio equipment, wireless networks, data systems telecommunications equipment, global positioning equipment, location devices, transmission devices, data processing or storage systems, computer systems, servers, networks, input/output and connecting devices, software, City hosted social media, and documentation that supports electronic communications services.

Section 15.2 Policy

Electronic Communications and Computers are provided for the use of City employees for City business-related purposes. Electronic Communications or Computers may not be used for any prohibited purpose, including illegal activities, messages that may constitute discrimination or harassment under City policy or state or federal law, or other inappropriate purposes as defined below.

The City prohibits the display, transmission or downloading of sexually explicit images, messages, or cartoons, or any transmission or use of voice mail, email, or Internet communications that contain ethnic slurs, racial epithets, or anything that may be construed as harassment or disparagement of others based on their race, religion, color, creed, national origin, sex, sexual orientation, marital status, age, or the presence of any sensory, mental or physical disability.

Unless otherwise authorized by law, voice mail, email, or Internet systems may not be used to solicit or persuade others for commercial ventures, religious or political causes, outside organizations, or other non-job-related solicitations. Unless authorized, employees should refrain from engaging in dialogue about confidential, proprietary, or nonpublic information involving the City or any City of employee, investor, client, or contract. Any employee that receives such requests should direct the inquiry to the City Manager.

Section 15.3 City’s Right to Access Information

The City reserves the right to enter, search, monitor, copy and/or retrieve computer files, voice mail, email, internet or any type of electronic file of any employee or elected official, without notice, for business purposes, including, but not limited to, investigating theft, disclosure of confidential business or proprietary information, use of the system for personal reasons or for any other purpose unrelated to City business, or monitoring work flow or productivity.

Although City employees may have individual passwords or passcodes to electronic media items such as e-mail, voice-mail, and computer network systems, these items are accessible at all times by the City, and may be subject to periodic unannounced examinations by the City. All passwords and passcodes must be given to the City and employees may not use passwords or passcodes that are unknown to the City. The City reserves the right to override any password or passcode created by an employee.



RULE II. GENERAL PROVISIONS & POLICIES

Although the City reserves the right to access Electronic Communication, employees are strictly prohibited from accessing another employee's personal file or voice mail or email messages without the latter's express permission. In addition, the voice mail, email and Internet systems are not to be used in a way that may be disruptive, offensive to others, or harmful to morale.

Even though employees may have deleted information or files from any of the electronic media, it does not mean that the information or files are permanently deleted from the system. It is possible to recover deleted computer files, deleted e-mail and deleted voice mail messages at any time.

Employees should be aware that any electronic media messages and information created or stored on City owned Electronic Communication may constitute "public records" and may be subject to disclosure to the public under the California Public Record Act, Government Code 6230, or otherwise discoverable (e.g., in response to a subpoena).

Section 15.5 Voice Mail

Although employees and elected officials have passwords or codes that restrict access to voice mail messages left for them on the system, employees and elected officials should be aware that the City can access any messages stored in the voice mail system and may do so for any reason at any time. Therefore, employees and elected officials may not assume that such messages are confidential.

The City's telephone system, including its voice mail system, is the property of the City, and is designed and intended for City business-related purposes. Employees and elected officials are required to reimburse the City for any special charges for their personal telephone calls.

Section 15.6 Email

Email is a business tool that shall be used in a professional manner for business purposes. When the City becomes the target of litigation, all records maintained by the City are subject to subpoena and review by the other party, including email. Therefore, email is neither personal nor private. Marking a message as "private" or "confidential" does not exempt information from being disclosed. As such email addressed to, generated by, or received on City computers or servers is the property of the City. As with voice mail, although employees and elected officials have passwords that restrict access to their computers, the City may access any files or email messages stored on or deleted from the computer system. The City reserves the right to access such information for any purpose at any time.



RULE II. GENERAL PROVISIONS & POLICIES

Section 15.7 Internet

Use of on-line information services via the Internet is intended for City business purposes. Personal uses should be kept to a minimum and occur only during the employee's meal and break periods. Employees should not have any expectation of privacy regarding the web sites accessed through the City's computer system. Computer systems may "leave tracks" at web sites visited. Because of the nature of the City's business, any incidental use of the Internet for personal use must be conducted with the highest levels of professionalism.

Section 15.8 Computers, Computer Software, Laptops, Tablets and Computer Files

The City's computers, software, laptops, tablets and files stored on the City's computer or network shall be considered City property. These devices shall be subject to search for any reason. In addition, all software that resides on any of the City's computers shall be licensed and shall be considered City property. Computers will be used for valid business purposes only; reasonable personal use is allowed at the sole discretion of the City.

No employee will install software on any City computer without first receiving permission from the City Manager or designee. No employee may alter or tamper with any City computer or interfere with their operation. All hardware failures will be immediately reported to an employee's Supervisor, Supervisor or the Information Technology Department. Personnel will not attempt hardware repair unless directed to do so by the Information Technology Director or designee.

Section 15.9 Virus Scanning

City staff provided with a City owned desktop or laptop computer will receive a computer with anti-virus software installed and configured. An employee who believes that a City provided computer has been infected with a virus is required to report the issue to the Information Technology Department immediately.

Section 15.10 Prohibited Uses of the City's Electronic Media

Prohibited uses of Electronic Media include, but are not limited to the following:

- Illegal activities under local, state and/or federal law;
- Anything that may be construed as harassment or disparagement of others based on race, religion, color, creed, national origin, sex, sexual orientation, marital status, age, or the presence of any sensory, mental or physical disability will not be tolerated. This includes, but is not limited to, slurs, obscene messages, sexually explicit images, cartoons or messages;
- Sending threatening messages;
- Unless otherwise allowed by law, soliciting or persuading others for commercial ventures, religious or political causes, outside organizations, or other non-job related matters;



RULE II. GENERAL PROVISIONS & POLICIES

- Intentionally disrupting network traffic or crashing the network and connected systems (for example, sabotage, intentionally introducing a computer virus);
- Unauthorized attempts to access to others' files with no substantial business purpose, or vandalizing the data of another user;
- Forging electronic mail messages;
- Communicating confidential City information to unauthorized individuals within or outside of the City;
- Personal messages such as chain letters; and
- Inappropriate use, which is deemed by the City to be a violation of the intended use of any Electronic Communication.

Section 15.11 Violations of Policy

Violations of this policy will be reviewed on a case-by-case basis and may result in discipline up to and including termination of employment.

SECTION 16. DRESS CODE AND WORK STATIONS

Section 16.1 Dress Code

All employees are required to dress appropriately for the jobs they are performing. The following dress code regulation apply to all City employees. If an employee has questions about how these standards apply to them, they should consult their supervisor for determination:

- All clothing should be in good condition, clean, in good repair, and appropriate for the work environment and functions performed;
- Prescribed uniforms and safety equipment must be worn;
- Hair must be neat, clean, and well-groomed;
- Beards, mustaches, and sideburns must be neat and well-groomed;
- Jewelry that does not pierce the skin is acceptable except where it constitutes a health or safety hazard;
- Good personal hygiene is required; and
- Dress must be professionally appropriate to the work setting, particularly if the employee has contact with the public.



RULE II. GENERAL PROVISIONS & POLICIES

Employees are prohibited from wearing the following at work: athletic wear, such as sweats, velour, or nylon clothing; bare midriffs; causal sandals, such as flip-flops/thongs; low cut tops, short skirts or dress or excessively tight or excessively baggy clothing; see-through clothing (except that sheer tops may be work if accompanied by an appropriate undershirt); shorts, cutoffs and overalls; tank tops, muscle shirts and casual t-shirts; and visible undergarments. Employees are also prohibited from wearing base-ball type caps backwards or to the side.

Employees who are provided uniforms or a uniform allowance are required to comply with any uniform requirements of their department.

Employees who use scented products, including perfume/cologne, aftershave, lotions, etc. should be aware that such products may be overwhelming and may cause allergic reactions in others.

Section 16.3 Tattoos and Piercing

Section 16.3.1 Tattoos

Employees are expected to project a professional appearance while at work and must abide by the standards below. If an employee has questions about how these standards apply to them, they should consult their supervisor for consideration and determination:

- No tattoos are allowed anywhere on the head, face, or neck;
- Any visible tattoos must not be obscene, sexually explicit, discriminatory to sex, race, religion, or national origin, extremist, and/or gang-related;
- No visible tattoo can be larger than four(4) by six(6) inches; and
- Any non-conforming tattoos will be covered with clothing, bandage, or makeup while at work, or removed.

Section 16.3.2 Piercing

Employees are expected to project a professional appearance while at work and not endanger themselves or others with excessive body piercing.

If an employee has questions about how these standards apply to them, the matter should consult with their supervisor for consideration and determination.

- No objects, articles, jewelry or ornamentation of any kind can be attached to or through the skin if visible on any body part including the tongue or any part of the mouth except that one set of reasonably sized pierced earrings may be worn in each lobe;
- Any non-conforming piercing must be removed, covered with a bandage, or replaced with a clear, plastic spacer.



RULE II. GENERAL PROVISIONS & POLICIES

Section 16.4 Policy Violations

Employees who do not meet the standards outlined in this policy will be subject to disciplinary action. In addition, employees may be required to take corrective action to remedy a violation. Corrective action may include removing the offending item from their workstation or leaving the premises and returning to work in attire that is appropriate. The amount of time missed from work in order for the employee to travel and change clothing will be treated as unpaid leave.

Section 16.5 Public Areas and Workstations

Employees should ensure that public areas are kept clean and free of clutter, food and beverage cups. Food and beverages may be allowed in public conference rooms by special arrangement. Otherwise, food and beverages should only be consumed in break areas. All employee workstations should also be kept clean and free of clutter. The placement of plants and personal items should be kept to a minimum. Employees are prohibited from displaying any images or items in workstations that violate any City policy, including the City's policies against harassment, alcohol and drugs, and workplace violence.

SECTION 17. USE OF CITY VEHICLES OR DRIVING WHILE ON CITY BUSINESS

Section 17.1 Use of City Vehicles

The City Manager may assign City-owned vehicles on a short-term basis to certain City employees to facilitate the assigned employee's ability to respond to an emergent and/or other work-related situation. The Director of Public Works and/or City Manager will attempt to coordinate work so that City vehicles are available and operational for the performance of City work. Except as otherwise provided in this policy, City owned and City-leased motor vehicles are to be used only for City business and are to be stored in prescribed locations when not in use.

City-owned and City-leased vehicles are to be operated only by City employees. Persons not having business with the City shall not be permitted to ride in City-owned and City-leased vehicles.

Before operating a City vehicle, the vehicle operator should verify that the vehicle is in good operating condition before embarking on a trip. Any employee operating a City-owned vehicle, regardless of frequency, is responsible for the proper care and operation of that vehicle while under the employee's control. Any defects or mechanical issues involving a City-owned vehicle must be reported immediately to the City Manager and/or Director of Public Works.

Any vehicle damage to a City-owned vehicle beyond normal wear and tear or that includes defects affecting the safe operation of the vehicle must be documented and reported to the City Manager. Damage sustained to a privately-owned vehicle while being used for City business shall be the responsibility of the employee/owner.



RULE II. GENERAL PROVISIONS & POLICIES

Section 17.2 Use of Personal Vehicles

If an employee is authorized by the City Manager or designee, to use their vehicle in the performance of City work, reimbursement will be based on total miles driven and at the rate specified in the Internal Revenue Service Guidelines that are in effect at the time that the mileage was incurred. Employees are responsible for requesting mileage reimbursement in accordance with City policy. Proof of adequate insurance covering collision, personal injury and property damage must be provided upon request. Employees conducting City business in their personal vehicle shall carry only those persons associated with said business while performing work on behalf of the City.

Section 17.3 Driver's License

Any employee driving either a city vehicle or authorized to use a personal vehicle in the performance of City business is required to have a valid driver's license. Employees who may be assigned work entailing the operating of a City vehicle will be required to submit to Department of Motor Vehicles driving records check as a condition of employment. Such checks shall be processed by the Administrative Services Director. A report indicating a suspended or revoked license status or indicating an unsafe driving record may be cause to deny or terminate employment.

Periodic checks of employee's drivers' licenses through visual and formal Department of Motor Vehicles review checks shall be made by the Administrative Services Director. Any employee who does not hold a valid driver's license will not be allowed to operate a City vehicle until such time as they obtain a valid license and they may be subject to disciplinary action.

Any employee performing work which requires the operation of a City vehicle must notify the City Manager or designee in those cases where their license is expired, suspended or revoked and/or who is unable to obtain an occupational permit from the Department of Motor Vehicles. Any employee who fails to report such revocation or suspension to the City Manager or designee and continues to operate a City vehicle shall be subject to the full range of disciplinary action, up to and including dismissal from employment.

Section 17.4 Special Licenses

Employees operating City vehicles are to comply with applicable federal, state and local laws governing the safe operation of said vehicles. If the use of City vehicles requires the operator to secure special licenses and/or permits, the City will pay for those licenses and/or permits. If medical costs are incurred in the acquisition of said licenses and/or permits, the City shall pay that portion not covered by the employee's City-paid health insurance.



RULE II. GENERAL PROVISIONS & POLICIES

Section 17.5 Long-Term Assignments

The City Manager may assign City-owned vehicles on a long-term basis to named City employees. The assignment may be revoked with or without prior notice by the City Manager.

Section 17.6 Vehicle Safety

Any individual operating a motor vehicle in the performance of City business shall obey all federal, State and local laws. It is the responsibility of the vehicle operator to ensure that all persons in the vehicle use seat belts and have them properly adjusted before starting the engine.

Safe driving practices, as well as the California Vehicle Code, require the use of a hands-free device while using cellular telephones during the operation of a motor vehicle. Employees shall not send or review text messages or emails while operating City vehicles or privately-owned vehicles on City business. Employees shall not operate laptop computers, navigational devices, or any other device that may cause vehicle operator distraction while operating a vehicle while conducting City business. Employees shall either park vehicles or use a hands free device when using such equipment. With the exception of extraordinary circumstances, operators of authorized emergency vehicles are to comply with this hands free requirement while driving.

When cargo, materials or tools are being transported, the vehicle operator is responsible for ensuring that all items are properly secured. No person shall be allowed to ride on running boards, fenders, hoods, tailgates, beds or other locations of the vehicle not designated or approved by the vehicle manufactures for passenger seating. An exception to this shall be vehicles designed and equipped for passengers outside the cab area. Employees shall not, under any circumstance, operate a City vehicle or a privately-owned vehicle on City business when: (1) under the influence of alcohol or any controlled substance in violation of the City's Drugfree Workplace Policy; or (2) any physical or mental impairment causes the employee to be unable to drive safely.

Section 17.7 Citations

Any citation or arrest while operating a City vehicle or a privately-owned vehicle on City business is the personal responsibility of the employee. The employee will not attend court appearances, traffic school or resulting Department of Motor Vehicle (DMV) appointments on City time for such citations and arrests and must arrange such appearances by requesting appropriate time off. Any judgment or sentence handed down by the court will be satisfied by the employee alone. All fines and court costs, to include subpoena of witnesses and/or attorney fees, if any, are also at the sole cost of the employee, unless it is the direct result of negligence by the City in furnishing a vehicle designed for, or not properly equipped or negligently maintained for use on a public roadway.



RULE II. GENERAL PROVISIONS & POLICIES

Any City employee who receives a citation, including a red light camera citation, while operating a City vehicle or a privately-owned vehicle while on City business shall report the citation immediately to his/her supervisor.

Section 17.8 Smoking in Vehicles

Employees shall not smoke or use any tobacco products while in or operating any City-owned or City-leased vehicle. "Smoking" means inhaling, exhaling, burning, or carrying any lighted or heated cigar, cigarette, or pipe, or any other lighted or heated tobacco or plant product intended for inhalation, whether natural or synthetic, in any manner or in any form. "Smoking" includes the use of an electronic smoking device that creates an aerosol or vapor, in any manner or in any form, or the use of any oral smoking device for the purpose of circumventing the prohibition of smoking.

SECTION 18. PUBLIC EMPLOYEES AS DISASTER SERVICE WORKERS

Government Code Section 3100 et seq. declares public employees as disaster service workers and requires employees to report to work (and if not possible, then to the next closest public employer) following the effects of natural, manmade, or war-caused emergencies. The City shall establish and maintain a method, or methods, of informing employees of their disaster service worker status. Employees who fail, without good cause, to honor their obligations as disaster service workers shall be subject to disciplinary action up to and including dismissal from employment.

SECTION 19. CONFIDENTIALITY

The City will follow all State and Federally mandated regulations, guidelines and laws regarding confidentiality of records and information pertaining to its personnel. In dealing with personnel actions, the City will endeavor to keep all matters and actions confidential where possible and advisable, per the City Attorney's directions.

SECTION 20. RIGHT TO AMEND POLICIES

The City Council reserves the right to amend the policies found herein at any time, for any reason, within the authorities and procedures as allowed by local, State and Federal law.



RULE III. CLASSIFICATION PLAN

SECTION 1. PURPOSE

The purpose of the classification plan is to provide a complete inventory of all classes, to provide accurate class specifications, and to ensure that each position is allocated to the appropriate class.

SECTION 2. PREPARATION OF PLAN

The City Manager shall determine and record the duties and responsibilities of all at-will positions as well as any temporary or contract positions and shall recommend a classification plan for such positions. The classification plan shall consist of classes of at-will positions defined by class specifications, including, Exempt, or Non-Exempt status, Temporary or Regular classification, Contractual or At-Will, and Full or Part-Time status. The classification plan shall be so developed and maintained that all positions substantially similar with respect to duties, responsibilities, authority, and character of work are included within the same class, and that the same schedules of compensation may be made to apply with equity under similar working conditions to all positions in the same class.

SECTION 3. APPROVAL, AMENDMENT AND REVISION OF PLAN

Any proposed amendment or revision to the classification plan shall be initiated by the City Manager or designee. The classification plan shall be approved, and may be amended from time to time, by the City Manager or designee after notification to any recognized employee organization that will be affected by a proposed amendment.

SECTION 4. ALLOCATION OF POSITIONS

The City Manager shall allocate every at-will position to one of the classes established by the plan.

SECTION 5. RECLASSIFICATION

Positions, the assigned duties of which have been materially changed by the City so as to necessitate reclassification, whether new or already created, shall be allocated by the City Manager to a more appropriate class, except that if the reclassification requires the expenditure of funds which exceeds the amount authorized by the City Council, the reclassification shall not take place until additional funding is approved by the Council. Reclassification shall not be used for the purpose of avoiding restrictions concerning demotions and promotions, nor to effect a change in salary in the absence of a significant change in assigned duties and responsibilities.

SECTION 6. TEMPORARY POSITIONS

The City Manager may create temporary positions to be filled with temporary employees for a period of time not to exceed one thousand forty (1,040) hours within a calendar year provided that the temporary position is budgeted for and the City Council ratifies the position within three (3) months of its creation.



RULE III. CLASSIFICATION PLAN

SECTION 7. INTERPRETATION OF CLASS SPECIFICATION

The following principles shall be applied when interpreting specifications for the various classes of positions:

- The specifications are descriptive only and are not restrictive. They are intended to indicate the kinds of positions that should be allocated to the respective classes as determined by their duties, responsibilities and qualification requirements. Use of a particular expression or illustration shall not be held to exclude others not mentioned if such others are similar in kind or quality.
- In determining the class to which any position should be allocated, the specification shall be considered as a whole. Consideration is to be given to the general duties, the specific tasks, the responsibilities, the minimum qualifications and the relationships to other classes in order to obtain an inclusive picture of the kinds of positions that the class is intended to include.
- The duties statement shall be construed as a general description of a kind of work usually performed by the incumbent of a position that is properly allocated to the class, and not as prescribing what the duties of any position shall be, nor as limiting the expressed or implied power of the authority now or hereafter vested with the right to prescribe or alter the duties of any position.
- The typical tasks shall be construed as examples only, descriptive of the duties as outlined by the general statement. These examples are not intended to be complete or exclusive and the fact that the actual task performed by the incumbent of a position does not appear in the description shall not be taken to mean that the position is necessarily excluded from the class, provided that the tasks constituting the main work or employment are duly covered by the general statement of duties. On the other hand, any one example of a typical task without relation to the general statement of duties and all other parts of the specifications shall not be construed as determining whether a position should be allocated to the class.
- The statement of minimum qualifications constitutes a part of the description of the kind of employment included within the class and expresses the minimum and any additional desirable qualifications expected of an appointee.



RULE IV. RECRUITMENT

SECTION 1. JOB ANNOUNCEMENT

All examinations for classes shall be publicized by methods the City Manager deems appropriate. Special recruiting shall be conducted, as necessary, to ensure that all segments of the community are aware of the forthcoming examinations. Job announcements shall specify the title and pay of the class for which the examination is announced; the nature of the work to be performed; the minimum qualification, including whether the job is a promotional position; a statement of the employment status of the position; the last date that applications will be accepted, the time, place, and type of examination if known, and if a medical examination, and/or a drug screen will be required following a conditional offer of employment; and other information determined at the discretion of the City Manager.

SECTION 2. APPLICATION FORMS

Job applications require information describing an individual's training, experience, and other pertinent information as deemed necessary to assess qualifications for the job and applicants may be required to provide supplementary information. All applications must be completed in full and signed, physically or electronically, by the person applying. The City will not process any application which is not fully completed and signed. If an applicant is appointed to a position, the supplemental information becomes a part of the individual's permanent employment records

SECTION 3. DISQUALIFICATION

The City Manager may reject any application which is not properly completed or incomplete; received after the application deadline; or indicates that the applicant does not meet the minimum qualifications for the position. Whenever an application is rejected, notice of the rejection will be mailed or emailed to the applicant,

SECTION 4. SELECTION PROCESS

The selection techniques used in the examination process shall be impartial and relate to those subjects which, in the opinion of the City Manager, measure the relative capabilities of the persons examined to execute the duties and responsibilities of the class to which they seek appointment. Examinations consist of selection techniques which will test the qualifications of candidates such as, but not necessarily limited to, achievement and aptitude tests, review of work history and/or education, written tests, personal interviews, performance tests, physical ability tests, skill tests, evaluation of daily work performance, work samples, medical tests, psychological tests, successful completion of prescribed training, or any combination of these or other tests. Applicants meeting the minimum qualifications are not guaranteed advancement through any portion or phase of the selection process. Examinations shall be designed to provide equal opportunity to all candidates by being based on an analysis of the essential requirements of the class and covering only factors related to such requirements.



RULE V. EXAMINATIONS AND ELIGIBILITY LISTS

SECTION 1. EXAMINATION PROCESS

An examination for a position in the competitive service may be given when, in the opinion of the City Manager, such examinations are a necessary part of the selection process for a position. Examinations may consist of written tests; oral tests; performance tests; evaluations of prior training and performance, experience and/or education; interviews; working style assessments; practical exercises; file review; or any combination thereof. The content of all examinations will be job-related and designed to test knowledge, skills or abilities that help predict successful completion of job duties or any combination of these or other tests. Examinations shall be designed to provide equal opportunity to all candidates by being based on an analysis of the essential requirements of the class, covering only factors related to such requirements. An applicant with a disability may request accommodation in an examination process. Following receipt of a request for accommodation, the City Manager may require additional information, such as reasonable documentation of the existence of a disability.

The content of all examinations will be kept confidential prior to the administration of the examination. All applicants who are invited to the examination will be notified of the nature of the examination.

All candidates shall have the right to inspect their own test answer sheet within five (5) working days after the notifications of examination results. Any error in computation, if called to the attention of the City Manager within this period, shall be corrected. Such corrections shall not, however require invalidation of appointments previously made.

SECTION 2. ELIGIBILITY LISTS

Section 2.1 Creation of Lists

As soon as possible after the completion of an examination, the City Manager or designee shall prepare an employment eligibility list consisting of the names of candidates who qualified in the selection process. Multiple employment lists for a single class are permitted. When multiple employment lists exist, an eligible shall be considered based on their overall rating as opposed to when they were placed on an employment eligibility list.

Section 2.2 Duration of Lists

Promotional and open-competitive employment lists shall remain in effect for twelve (12) months, unless exhausted sooner or abolished by the City Manager or designee. The City Manager or designee may extend the duration of an employment list, in six (6) month increments, such that the total duration of an employment list is twenty-four (24) months. A person appearing on an eligible list will be mailed or emailed notice of their placement on the list.



RULE V. EXAMINATIONS AND ELIGIBILITY LISTS

Section 2.3 Consideration of Applicants

Any applicant on the employment list may be considered for appointment, and such consideration of applicants shall be termed “the rule of the list” such that any individual on the list may be appointed. However, no person on an employment list shall be considered for appointment unless all other eligibles with a higher or equal employment list ranking have been interviewed by the appointing authority or designee.

Section 2.4 Background Investigations

As part of the examination process and in the process of considering any applicant on the employment list for appointment, the City policy will obtain as much job-related/pre-employment information as possible, within the confines of the law, from current and/or former employers of potential new City employees before a formal employment offer is extended. The City Manager or designee may conduct such investigation of an applicant’s training, experience, and mental, physical and personal fitness as may be necessary to determine suitability for appointment.

Section 2.5 Removal of Names from List

The name of any person appearing on an employment list shall be removed by the City Manager or designee if the person: (1) requests in writing that their name be removed; (2) fails to respond to a notice mailed to the last designated address; (3) no longer meets the eligibility requirements for appointment; or (4) is subsequently hired by the City. The person affected shall be notified of the removal of their name by a notice mailed to the last known address. It shall be the sole responsibility of those individuals on an eligibility list to provide the City with information regarding any change of address or telephone number. The names of persons on promotional lists who resign from City service shall automatically be dropped from such lists upon resignation.

The name of any person appearing on an employment list may be removed by the City Manager or designee following an interview after which the appointing authority indicates they no longer wish to consider the qualified candidate further.

Section 2.6 No Guarantee of Employment

No person who appears on an eligibility list is guaranteed employment with the City. The City Manager or designee may opt not to hire any and/or all persons whose names appear on an eligibility list.



RULE VI. APPOINTMENTS

SECTION 1. TYPES OF APPOINTMENT

All vacancies in the competitive service shall be filled by transfer, demotion, reemployment, reinstatement, or from the appropriate recruitment and hiring process.

SECTION 2. APPOINTMENT

After interview and investigation, the City Manager shall make appointments. The person accepting appointment shall report to the City Manager or designee, for processing on or before the date of appointment. If the applicant accepts the appointment and reports for duty within such period of time, as the City Manager shall prescribe, the applicant shall be deemed to be appointed. Otherwise, the applicant shall be deemed to have declined the appointment.

SECTION 3. AT-WILL APPOINTMENT

Except as defined in an employment agreement, all appointments, regardless of type, are at-will appointments which may be terminated with or without cause and with or without notice at any time by either the employee or the City. Nothing in these Personnel Policies or in any document or statement shall limit the right to terminate employment at-will. Only the City Council may approve or authorize an employment agreement, and any such employment agreement must be in writing.

SECTION 3.1 PROBATIONARY APPOINTMENT

The probationary period is part of the examination process and is used to determine whether work performance or work-related behavior meets the required standards of the position. A probationary employee may be rejected at any time during the probationary period with or without cause or reason, without notice or appeal or grievance, and without any rights under Grievance Policies. The probationary employee will be notified prior to the expiration of the probationary period that they have been rejected from probation.

SECTION 3.2 LENGTH OF PROBATION

Unless otherwise specified by memorandum of understanding or these Policies, the probationary period is 90 days of actual and continuous service. The probationary period is automatically extended by the length of any absence of one workweek or more. The probationary period can also be extended by the City at the discretion of the City Manager or designee.

SECTION 4. TYPES OF APPOINTMENTS

Section 4.1 Regular Position Appointments

Appointment to a position which works an ongoing schedule, whether part-time or full-time, and for which the City Council has authorized the providing of health and welfare benefits.



RULE VI. APPOINTMENTS

Section 4.2 Temporary Position Appointment

Appointment to a position which is not a regular position appointment. Temporary position appointments are limited not to exceed one thousand forty (1,040) hours within a calendar year provided that the temporary position is budgeted for and the City Council ratifies the position within three (3) months of its creation. Temporary positions do not receive health and welfare benefits, accrue personal or other paid leaves, or receive any other benefits accorded to regular position appointments, except as otherwise required by applicable law.

Section 4.3 Limited Term Appointment

Appointment to a position for a limited period of time in order to perform a specific assignment or complete work expected to be of limited duration. Limited term appointments are considered exempt from the competitive service.

Section 4.4 Provisional Position Appointment

The City Manager may make a provisional appointment of a person meeting the minimum training and experience qualifications for the position. Such an appointment may be made during the period of suspension of an employee. A provisional employee may be removed at any time. No provisional appointment shall exceed six (6) months. A provisional appointee shall not accrue any benefits unless the appointee has been a full-time employee of the City for a continuous period of not less than ninety (90) days.

A provisional appointment does not guarantee that the employee will be selected for regular appointment.

Section 4.5 Emergency Appointment

To meet the requirements of an emergency condition that threatens life, property, or the general welfare of the City, the City Manager may employ such persons as may be needed for the period of the emergency, without regard to the regulations as to appointment in these policies.



RULE VII. TRANSFER, PROMOTION, DEMOTION, SUSPENSION, AND REEMPLOYMENT

SECTION 1. TRANSFER

Transfers may be voluntary or involuntary. No person shall be transferred to a position for which they do not possess the minimum qualifications. Upon notice to the City Manager and/or Administrative Services Director, an employee may be transferred by the appointing authority at any time from one position to another position in the same or a comparable class. For transfer purposes, a comparable class is one with the same maximum salary, involves the performance of similar duties, and requires substantially the same basic qualifications.

Transfers shall not be used to effectuate a reclassification, promotion, demotion, advancement, or reduction, each of which may be accomplished only as provided in the Municipal Code, and/or these Personnel Policies.

Whenever possible, an employee being transferred from one position to another position in the same class or a comparable class will receive five (5) business days' notice. If an employee disputes an involuntary transfer, the employee may, within two (2) days of receiving notice of pending transfer, file a written appeal with the City Manager or designee setting the forth the reasons for the appeal. Any appeal filed must be based upon the alleged violation of the requirements for transfer or the procedure followed.

The decision as to whether to transfer an employee shall be at the discretion of the appointing authority and is not subject to any grievance or appeal procedure.

SECTION 2. PROMOTION

Insofar as consistent with the best interests of the City, all vacancies in the competitive service shall be filled by promotion by current City employees, if possible from within the competitive service.

SECTION 3. DEMOTION

The City Manager may demote an employee whose ability to perform the required duties falls below standard, or for disciplinary purposes. No employee shall be demoted to a position that does not possess the minimum qualifications. Disciplinary demotion action shall be in accordance with Rule XVII.

SECTION 4. SUSPENSION

The City Manager may suspend an employee from a position at any time for a disciplinary purpose. Intended suspension action shall be taken in accordance with Rule XVII.

SECTION 5. REEMPLOYMENT

With the approval of the City Manager, an employee appointed to a regular position who completed at least twelve (12) months of continuous service and who resigned with a satisfactory record may be reemployed to a vacant position in the same or comparable class. Reemployment must occur within two (2) years of the effective date of resignation, to a vacant position in the same or comparable class. No credit for former employment shall be granted in computing salary, personal, sick leave, or other benefits except by the City Manager at time of reemployment, unless required by applicable law.

The decision as to whether to reemploy a former employee shall be at the discretion of the City Manager and is not subject to any grievance or appeal procedure.



RULE VIII. LAYOFF POLICY AND PROCEDURE

SECTION 1. STATEMENT OF INTENT

Whenever, in the judgment of the City Council, it becomes necessary to abolish any position or employment, the employee holding such position or employment may be laid off or demoted without the right of appeal.

SECTION 2. LAY OFF OF AT-WILL EMPLOYEES

Employment at-will may be terminated by either the employee or the City at any time with or without cause and with or without notice. Nothing in this chapter shall require the City Manager to allow a displaced at-will employee to displace an employee in a lower class.

SECTION 3. NOTIFICATION

Employees to be laid off shall be given, whenever reasonably possible, at least twenty-one (21) calendar days' prior notice.

SECTION 4. EMPLOYMENT STATUS

In each class of position, employees shall be laid off according to employment status in the following order: temporary, provisional, and regular. Temporary and provisional employees shall be laid off according to the needs of the City as determined by the City Manager.

SECTION 5. APPEAL

An employee who has been noticed for layoff, and who has any questions or concerns about the layoff decision or process may make an appointment to be heard by the Administrative Services Director for an informal pre-layoff review. The employee must request this appeal in writing within five (5) business days from the date of the notice of layoff. The Administrative Services Director's decision is final.

SECTION 6. REINSTATEMENT

The City will attempt to reinstate employees, if in the interest of the economy the positions are reestablished, in the following order: regular, provisional, and temporary. However, no employee is guaranteed the right to be reinstated following a layoff or reduction in positions.



RULE IX. SEPERATION FROM EMPLOYMENT

SECTION 1. INVOLUNTARY SEPARATION / DISCHARGE

An employee in the competitive service may be discharged at any time by the City Manager.

SECTION 2. VOLUNTARY SEPARATION / RESIGNATION

Section 2.1 Policy Statement

An employee wishing to resign their at-will employment in good standing is requested to file with the City Manager a written resignation stating the effective date and reasons for leaving at least two (2) weeks before the proposed resignation date. A statement as to the resigned employee's service performance and other pertinent information shall be completed by the City Manager. A verbal resignation also satisfies the requirement of this rule. Written or verbal resignations are irrevocable and shall be promptly forwarded to the Administrative Services Director. Resignations shall become effective upon receipt by the City, without the necessity of any written acceptance, unless the employee is notified otherwise. The resignation of an employee who fails to give written or verbal notice as provided in this section shall be reported to the Administrative Services Director immediately.

Section 2.2. Use of Accrued Leaves

No use of personal, sick leave, administrative leave, compensatory time off, holidays, or any other paid time off in lieu of hours worked, may be used to extend an employee's resignation date beyond the employee's last day worked. Only the City Manager may waive this rule.

Section 3. Failure to Report to Work (Job Abandonment)

An employee who fails to report to work, to return from an authorized leave of absence, and/or fails to call off from work for three (3) or more consecutively scheduled workdays is deemed to have voluntarily resigned employment through job abandonment. A regular employee will receive notice of intent to terminate employment for job abandonment, an opportunity to respond, and the final notice of termination for job abandonment before being separated under this provision. At the discretion of the City Manager or designee, an employee separated for job abandonment may be reinstated upon proof of justification for such absence, such as severe accident, severe illness, or mental or physical impairment which prevented notification. No employee has any right to grieve or appeal a separation due to job abandonment or to an evidentiary or disciplinary appeal following a separation due to job abandonment.



RULE IX. SEPERATION FROM EMPLOYMENT

SECTION 4. MEDICAL SEPARATIONS

Section 4.1. Policy Statement

An employee who becomes unable to perform the essential functions of their position due to a disability or other medical condition may be medically separated from employment. Prior to medical separation, the City will determine what accommodations, if any, can be provided to the employee according to City policy regarding Reasonable Accommodation and any applicable law. In addition, if appropriate, the City may consider an employee's potential eligibility for disability retirement benefits.

Before medically separating a regular employee, the City Manager or designee will provide the affected employee with notice of the proposed decision to medically separate. The notice shall: (1) inform the employee of the action intended, the reason for the action and the proposed effective date; and (2) inform the employee of the right to respond to the proposed action and to whom to respond. After review of any timely response, the City Manager or designee shall notify the employee of any final action to be taken and the effective date of that action. A medical separation may be appealed pursuant to the grievance procedures contained in these Personnel Policies.

Section 4.2 Right to Use Accrued Leaves

Except as provided in an employment agreement, personal, sick leave, administrative leave, compensatory time off, holidays, or any other paid time off in lieu of hours worked may not be used to extend an employee's employment separation date beyond the employee's last day of actual work, unless approved by the City Manager. Use of sick leave shall be authorized only upon proper medical verification that the use of such leave complies with the policies pertaining to the use of sick leave.

Section 4.3 Rehire of Employee Retired or Separated for Disability

An employee who is retired or otherwise separated on account of disability may apply for reemployment with the City if the medical condition causing the disability improved such that the employee may perform the essential functions of the position for which they are applying, with or without reasonable accommodation.

Section 4.4 Return of City Property

All City property in the employee's possession must be returned prior to separation. This includes, but not limited to, keys, key fobs, parking passes, transit cards, identification cards, equipment, laptops and related accessories, credit cards, gas cards, cell phones, and any other City holdings.



RULE X. LEAVES OF ABSENCE

SECTION 1. VACATION LEAVE

Section 1.1 General Application

Except as provided under the terms of an employment agreement, memorandum of understanding, or any other action providing for employee vacation leave benefits, employees will accrue paid vacation leave as provided in this rule. All employees who earn vacation leave, regardless of whether such leave accrued under this rule or under some other document approved by the City Council, are expected to abide by the usage and notice provisions described in this Rule.

Section 1.2 Eligibility for Vacation Leave

Vacation leave shall be established for all employees regularly scheduled to work more than twenty (20) hours per week. No employee shall accrue personal leave until the completion of not less than ninety (90) days from the day of appointment. The following sections shall govern vacation leave use.

Section 1.3 Vacation Leave Accrual

Depending on the status of the employee, the vacation leave accrual rate of an employee with up to five (5) years of service is noted in subsections A-D below. For employees completing five (5) full years of service with the City, vacation leave accrual rates are noted in subsections A-D shall be increased by 50%. For employees with ten (10) or more full years of service with the City, the personal leave accrual rates noted in subsections A-D shall be increased by 100%.

Vacation Leave Accrual Rate:

- A. Full-time employees: Each full-time employee in the competitive service shall accrue vacation leave at an annual rate of 10 days or 6.67 hours for each full calendar month of service with the City.
- B. Employees scheduled to work 31-36.5 hours per week: For employees in the competitive service scheduled to work between 31 - 36.5 hours, the leave accrues at an annual rate of 8 days or 5 hours for each full calendar month of service.
- C. Employees scheduled to work 26-30 hours: For employees in the competitive service scheduled to work between 26 and 30 hours per week, leave accrues at an annual rate of 6 days or 4 hours for each full calendar month of service.
- D. Employees scheduled to work 20-25 hours per week: For employees in the competitive service scheduled to work between 20 and 25 hours per week, leave accrues at an annual rate of 5/12 days for each full calendar month of service.



RULE X. LEAVES OF ABSENCE

- E. For employees in categories (A) through (D), the regularly scheduled number of work hours must be designated on the personnel action form.
- F. Employees in categories (A) through (D) may carry over from one year to the next no more than 1.5 times the employee's annual vacation leave accrual rate. Once the employee has reached the accrual cap, no additional leave will accrue until the accrued personal leave balance is reduced by taking personal leave.

Section 1.4 Use of Vacation Leave

Scheduled vacation leave requires the approval of the City Manager or designee prior to the vacation leave. A request for vacation leave should be submitted on a form designated by the City Manager. The employee shall be given due regard in selecting a convenient period to take vacation leave, provided it is not in direct conflict with the best interest of the City. Every effort should be made to submit requests at least two (2) weeks prior to the requested vacation leave.

The use of unscheduled vacation leave shall be reported on a form and in a manner designated by the City Manager. Inappropriate or excessive use of unscheduled vacation leave may be grounds for disciplinary action, up to and including termination of employment.

Section 1.5 Pay In Lieu of Vacation

The City will provide the opportunity for employees to convert to cash one (1) week of vacation each year subject to the following limitations:

- Employees wishing to convert vacation to cash must have utilized a minimum of two weeks of vacation/CTO during the fiscal year in which they are requesting conversion.
- After conversion, the employee's accumulated vacation balance must be a minimum of two (2) weeks.
- Conversion of vacation will occur during the first pay period in December of each year.

Section 1.6 Vacation Leave Upon Separation

Any employee separating from the City service shall be entitled to pay in lieu of vacation leave. When separation is caused by death of an employee, payment shall be made to the spouse or the estate of such employee or, in applicable cases, as provided by the Probate Code of the State. Separation pay will be paid at the employee's current hourly rate at the time of separation for any unused vacation leave.



RULE X. LEAVES OF ABSENCE

SECTION 2. SICK LEAVE

Section 2.1 General Application

Except as provided under the terms of an employment agreement, memorandum of understanding, or any other action providing for employee sick leave benefits, employees will accrue paid sick leave as provided in this rule. All employees who earn sick leave, regardless of whether such leave accrued under this rule or under some other document approved by the City Council, are expected to abide by the usage and notice provisions described in this rule.

Section 2.2 Sick Leave Accrual

Unless provided under the terms of an employment agreement, memorandum of understanding, or any other action providing for employee sick leave benefits, employees will accrue sick leave. Sick leave is accrued at the rate set forth below, beginning the first day of the calendar month immediately following the date of the employee's hire.

- Full-time employees who are not part time, temporary or seasonal, accrue 6.67 hours of sick leave for each calendar month of paid status.
- Employees scheduled to work 1-19 hours per week: Sick leave is 2.00 hours for each full calendar month of paid status.
- Employees scheduled to work 20-25 hours per week: Sick leave is 3.33 hours for each full calendar month of paid status.
- Employees scheduled to work 26-30 hours per week: Sick leave is 5.00 hours for each full calendar month of paid status.
- Employees scheduled to work 31-36.5 hours per week: Sick leave is 5.33 hours for each full calendar month of paid status.
- A part time, temporary, limited term, provisional, or emergency employee who works 30 or more days within a year from the beginning of employment with the City accrues one hour of paid sick leave for every 30 hours worked. Accrued and unused sick leave carries over to the following year of employment but a part time, temporary or seasonal employee stops earning sick leave once they have accrued 80 hours or 10 workdays/shifts of such leave, whichever is greater.

Employees who are not part time, temporary, limited term, provisional, or emergency may carry over unused sick leave from one year to the next provided that at no time may an employee accrue greater than one hundred sixty (160) hours of sick leave.



RULE X. LEAVES OF ABSENCE

Section 2.3 Purposes for Sick Leave

Sick leave is paid leave from work that an employee may use for the following reasons:

- Diagnosis, care, or treatment of an existing health condition of, or preventative care for the employee themselves or any of the following family members of the employee: a child of any age or dependency status; a parent; a parent-in-law; a spouse; a registered domestic partner; a grandparent; grandchildren; or a sibling; or
- Diagnosis, care, or treatment of an existing health condition of, or preventative care for a “designated person”; or
- For an employee who is a victim of domestic violence, sexual assault, stalking, or other crime for the employee to engage in any of the following activities: to obtain or attempt to obtain any relief, including but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety, or welfare of the victim or their child.

In addition, an employee who is a victim (of a violent or serious felony crime, or theft or embezzlement), an immediate family member of a victim, a registered domestic partner of a victim, or the child of a registered domestic partner of a victim can use paid sick leave to attend judicial proceedings related to that crime.

Section 2.4 Sick Leave Use

An employee may use accrued sick leave, in a minimum increment of two hours, beginning on the 90th day after the first day of employment with the City subject to the limits and request provisions in this policy.

Section 2.5 Sick Leave Notice

To request sick leave if the leave is foreseeable, an employee must give the City Manager reasonable advance written or oral notice. If the need for sick leave is not foreseeable, the employee must provide written or oral notice of the need for the leave as soon as possible. If the employee is required to be absent on sick leave for more than one day, the employee must keep the Administrative Director or City Manager informed each day as to the date the employee expects to return to work and the purpose of the leave. Failure to request sick leave as required by this policy without good reason, may result in the employee being treated as absent without leave.

Section 2.6 Sick Leave Upon Termination

The City will not pay employees for unused sick leave upon termination of employment. Employees who are rehired by the City within one year from the date of separation will have any previously unused and accrued sick leave hours reinstated. An employee who worked at least 90 days in the initial employment with the City may immediately use reinstated sick leave.



RULE X. LEAVES OF ABSENCE

An employee who had not worked 90 days in the initial employment with the City must work the remaining amount of the 90 day-qualifying period to be able to use accrued sick leave. A reinstated employee will be entitled to use those previously accrued and unused sick leave hours, up to a maximum of 160 hours of sick leave.

Section 2.7 Sick Leave Certification

An employee who is not a temporary or seasonal employee may be required to provide a health care provider's certification supporting the employee's absence that involves the illness of the employee or family member if the City suspects that there is an abuse of sick leave by the employee. All employees, including temporary or seasonal, who use paid leave for issues related to domestic violence, sexual assault, stalking, or other crimes and who cannot provide advance notice of the need for leave must provide certification of the need for leave within a reasonable time afterward.

Section 2.8 Sick Leave Coordinated with Workers' Compensation Benefits

An employee who is collecting workers' compensation temporary disability benefits as a result of a City on-the-job illness or injury shall automatically use sick leave, if any, in addition to the provided workers' compensation benefits so that the employee receives their full salary. If the employee does not have sufficient sick leave available, then other available paid leaves shall be used.

SECTION 3. PREGNANCY DISABILITY LEAVE

Section 3.1 General

An employee who is disabled due to pregnancy, childbirth or related medical condition is eligible to take unpaid disability leave. A pregnancy disability is a medical condition related to pregnancy or childbirth that prevents employees from performing the essential duties of their job, or if the job would cause undue risk to the mother or their pregnancy's successful completion. Unless otherwise provided by law Pregnancy Disability Leave (PDL) runs concurrently with FMLA. The leave may be taken intermittently or on a reduced schedule. Employees are eligible for PDL as of their first day of employment.

If affected by pregnancy or a related medical condition, an employee is also eligible to transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties, if such a transfer is medically advisable and can be reasonably accommodated. Employees disabled by qualifying conditions may also be entitled to other reasonable accommodations where doing so is medically necessary. If it is medically advisable for the employee to take intermittent leave or a reduced leave schedule, the City may require the employee to transfer temporarily to an alternative position with equivalent pay and benefits that can better accommodate recurring periods of leave.



RULE X. LEAVES OF ABSENCE

Section 3.2 Duration of Leave

An employee is entitled to up to four (4) months of PDL while the employee is disabled by pregnancy, childbirth or related medical condition. For purposes of this policy, “four months” means time off for the number of days the employee would normally work within the four calendar months (one-third of a year, or 17 1/3 weeks or 122 days), following the commencement date of taking a pregnancy disability leave. For a full-time employee who works five eight-hour days per week, 40 hours per week, “four months” means 88 working and/or paid eight-hour days (693 hours of leave entitlement). Employees working a part-time schedule will have their PDL calculated on a pro-rata basis.

Section 3.3 Compensation During Leave

PDL is unpaid time off. The City requires that employees use any accrued sick leave while using PDL. If an employee does not have any accrued sick leave available, the employee may, at her option, use any other available accrued paid time off leave (e.g. personal, compensatory time off, administrative leave, floating holiday). The use of any paid leave will not extend the duration of the employee’s PDL. The City encourages employees to contact the California Employment Development Department regarding eligibility for State Disability Insurance for the unpaid portion of their leave.

Section 3.4 Continuation of Health Insurance Benefits

Employees who participate in the City’s group health insurance plan shall continue to participate in the plan while on PDL under the same terms and conditions as if they were working. Employees should make arrangements with the City Manager for payment of their share of the insurance premiums.

Section 3.5 Procedures

It is the employee’s responsibility to provide at least 30-days’ advance notice to the Administrative Services Director, or as much notice as practical, before a leave is to begin.

When this is not possible, the employee must provide the requested certification to the City within the time frame requested (at least 15 calendar days), unless it is not practical under the circumstances to do so despite the employee’s diligent, good faith efforts. However, employees may not be required to provide such documentation for intermittent and recurring absences for pregnancy related reasons, such as morning sickness.

Once intermittent leave has been designated, employees are responsible for providing as much advance notice as possible about absences to their supervisor or Administrative Services Director. Unforeseeable intermittent leaves must be reported in advance of the impact on work. All intermittent absences should be reported as related to the previously designated serious health condition prior to the impact of the absence on work.



RULE X. LEAVES OF ABSENCE

Section 3.6 Certification by Health Care Provider

An employee is required to obtain a certification from her health care provider of her need for PDL or the medical advisability of an accommodation or a transfer.

A medical certification should include:

- The probable duration of the periods(s) of disability or the period(s) for the transfer or reasonable accommodation;
- The date on which the employee became disabled due to the pregnancy or the date of the medical advisability for a reasonable accommodation or transfer; and
- A statement that indicates the impact on work of the disability, such as the employee is unable to perform specific job functions without undue risk to themselves or the successful completion of their pregnancy; to ensure the safety of others in the workplace; or that is medically recommended that the employee be transferred away from any department with exposure to chemicals.

If requested and recommended by a health care professional, work assignments may be changed as required to protect the health and safety of the employee and child. Requests for transfers may be reasonably accommodated.

Upon request, the City Manager will provide employees with a medical certification form that they can take to their doctor.

Section 3.7 Reinstatement

At the conclusion of the approved PDL, the employee will be returned to their former position or to an equivalent position. When ready to return from pregnancy disability leave employees must provide to human resources a medical release to return to work prior to beginning any work activity.

If the end of the 17 1/3 weeks leave period has been reached, and CFRA baby bonding (if eligible and leave is available) has been utilized, and the employee is unable to return to their regular position for continuing health reasons, the City will engage in a timely, good-faith interactive process with the employee for reasonable accommodation based on the employee's rights under the Americans with Disabilities Act (ADA) and the Fair Employment and Housing Act (FEHA) with the primary goal to return the employee to work, with or without reasonable accommodation, first to the original job assignment, and, as a last resort, to an alternate non-promotional vacancy with priority candidacy placement rights if the employee meets the minimum qualification of the position and is found to be able to complete all essential job functions of the vacancy with or without accommodation.



RULE X. LEAVES OF ABSENCE

The Administrative Services Director, in consultation with the employee, their supervisor/lead, and health care professional, will decide as to whether an accommodation can be made as provided. This may include approval of an extended sick leave.

If, after all reasonable accommodation efforts have been exhausted, and the employee is not available to return to work, even to an alternative job placement, the City may consider a medical separation from employment.

Section 3.8 Leave for Reproductive Loss

The City provides employees who have been employed at least 30 calendar days with Reproductive Loss Leave, in the event of a “Reproductive Loss Event”

“Reproductive Loss Event” means the day or, for a multiple-day event, the final day of a Failed Adoption, Failed Surrogacy, Miscarriage, Stillbirth, or an Unsuccessful Assisted Reproduction, as those terms are defined below:

- “Failed Adoption” means the dissolution or breach of an adoption agreement with the birth mother or legal guardian, or an adoption that is not finalized because it is contested by another party. This event applies to a person who would have been a parent of the adoptee if the adoption had been completed.
- “Failed Surrogacy” means the dissolution or breach of a surrogacy agreement, or a failed embryo transfer to the surrogate. This event applies to a person who would have been a parent of a child born as a result of the surrogacy.
- “Miscarriage” means a miscarriage by a person, by the person’s current spouse or domestic partner, or by another individual if the person would have been a parent of a child born as a result of the pregnancy.
- “Stillbirth” means a stillbirth resulting from a person’s pregnancy, the pregnancy of a person’s current spouse or domestic partner, or another individual, if the person would have been a parent of a child born as a result of the pregnancy that ended in stillbirth.
- “Unsuccessful Assisted Reproduction” means an unsuccessful round of intrauterine insemination or of an assisted reproductive technology procedure. This event applies to a person, the person’s current spouse or domestic partner, or another individual, if the person would have been a parent of a child born as a result of the pregnancy.

Reproductive Loss Leave may be taken for up to five (5) days per Reproductive Loss Event.



RULE X. LEAVES OF ABSENCE

Reproductive Loss Leave is not required to be taken consecutively, but such leave must be taken within three (3) months of the Reproductive Loss Event, with the exception that, if an employee is on California Family Rights Act (“CFRA”) leave, Pregnancy Disability Leave (“PDL”), or another leave protected by state or federal law at the time of or immediately following the Reproductive Loss Event, the employee may use Reproductive Loss Leave within three (3) months of the end date of the other protected leave.

If an employee experiences more than one Reproductive Loss Event within a 12-month period, the City will provide Reproductive Loss Leave up to a maximum of 20 days within a 12-month period.

Reproductive Loss Leave is unpaid, but employees may elect to use accrued paid leaves, such as sick leave, personal leave, or vacation to provide for their compensation while on Reproductive Loss Leave.

The City will maintain the confidentiality of any employee who requests to use or uses Reproductive Loss Leave, and the City will not disclose such information other than to internal personnel on a need-to-know basis, or as required by law.

SECTION 4. FAMILY MEDICAL LEAVE

Section 4.1 Policy Statement

In accordance with the Family and Medical Care Act (FMLA) and the California Family Rights Act (CFRA), employees are provided up to 12 work weeks of unpaid family/medical leave within a 12-month period, or 26 workweeks to care for a covered military service member proportional to the employee’s average hours work. The Family and Medical Leave Act (FMLA)/California Family Rights Act (CFRA) Leave policy may be found at [Appendix A](#).

SECTION 5. OTHER LEAVES

Section 5.1 Leave of Absence Without Pay

An employee who needs a leave of absence from work without pay shall file a written request with the City Manager, stating the title of the employee’s position, the beginning and ending dates of the requested leave and a full statement for such a request. A request for a personal leave shall be made upon forms prescribed from the City. The request shall normally be initiated by the employee but may be initiated by the employee’s Supervisor or designee.

Section 5.1.1 Reasons for Leave of Absence Without Pay

A personal leave may be granted for the following reasons:

- Education or training which will benefit the City; or
- Other personal reasons provided the needs of the City are considered.



RULE X. LEAVES OF ABSENCE

Section 5.1.2 Authorized Leaves of Absence Without Pay

Upon written request of an employee setting forth the reasons for the request, and upon the recommendation of the employee's Supervisor or designee, the City Manager may grant an employee holding a regular position appointment a leave of absence for a period not to exceed ninety (90) days. Absences of more than ninety (90) days require the approval of the City Council.

Section 5.1.3 Benefits While on Leave of Absence Without Pay

Authorized leaves of absence without pay shall not be construed as a break in service. Rights accrued at the time leave is granted shall be retained by the employee. However, seniority, personal leave, sick leave, holidays, increases in salary, or other City paid benefits will not accrue or be provided during the period of leave.

Unless otherwise required by law, the City is not required to maintain contributions toward group insurance programs or retirement benefits for any employee on an unpaid leave of absence. Unless otherwise required by law, the City will discontinue any employer contribution towards health, dental, disability and/or life insurance benefits if an employee is in an unpaid status on the first of any month. Instead, the employee will be permitted to continue coverage as allowed under the Consolidated Omnibus Budget Reconciliation Act ("COBRA").

Section 5.2 Jury Duty and Court Ordered Appearances

Section 5.2.1 Jury Duty

An employee who is summoned to serve on a jury must notify their Supervisor as soon as possible after receiving notice of both potential and actual jury service. A full-time nonexempt employee who has two (2) or more years of continuous service with the City, when reporting to jury duty as specified by summons, will be entitled to the difference between jury duty pay and the regular daily rate of pay for each day of jury service, up to a maximum of thirty (30) days of jury service. While on jury duty, any payment except travel pay, meals and lodging received by the employee as a juror shall be remitted to the City. Days of jury duty and all fees paid shall be verified by the court official responsible for issuing checks in payment of jury service. Other employees will receive an unpaid leave of absence. Time spent on jury duty is not work time for purposes of calculating overtime compensation. Any employee who is released from jury service prior to the end of their scheduled work hours must report to work unless otherwise authorized by their supervisor.

Section 5.2.2 Subpoenas

An employee who is subpoenaed to appear in court in a matter regarding an event or transaction which they observed or is investigated while performing their official City job duties will be permitted to appear in response to the subpoena without loss of compensation. The time spent appearing in court in response to such a subpoena will be considered work time. Any payment except travel pay, meals and lodging received by the employee for such service shall be remitted to the City.



RULE X. LEAVES OF ABSENCE

Section 5.2.3 Exception for Employee-Initiated or Non-City Related Matters

An employee who is a named party in an action unrelated to the City and its activities, who is a named party in an action against the City, or who is serving as a paid expert witness is not eligible to receive compensation for time spent related to those proceedings. In such cases, an employee may request to receive time off without pay, or may use accrued personal leave or compensatory time off for time spent related to those proceedings. The time spent in these proceedings is not considered work time.

Section 5.4 Unpaid Leave for School Visits

Section 5.4.1 School Activity Leave

Employees who are parents, stepparents, foster parents, grandparents, or person who stands in loco parentis to one or more children who are in kindergarten to grade 12, or whose children attend a licensed child care provider, are provided unpaid time off to find, enroll or reenroll a child in a school or with a licensed child care provider or to participate in school or child care activities, or to pick up a child due to a child care provider or school emergency so long as the employee provides reasonable advance notice of the absence. The total time off for such purposes cannot exceed eight hours in any calendar month or forty (40) hours in any school year.

The leave is unpaid unless the employee uses vacation, personal leave or compensatory time off. Employees may be required to provide documentation from the child's school which indicated that the employee participated in a school activity on the day of absence.

If both parents are employed by the City, the parent who first gives notice to their supervisor will be covered by the above provisions. The other parent may take time off only if they obtain the approval of their supervisor.

Time off is also provided to address a child care provider or school emergency, if the employee gives notice of the need for time off. "Child care provider or school emergency" means that an employee's child cannot remain in a school or with a child care provider due to one of the following: (1) the school or child care provider has requested that the child be picked up, or has an attendance policy, excluding planned holidays, that prohibits the child from attending or requires the child to be picked up from the school or child care provider; (2) behavioral or discipline problems; (3) closure or unexpected unavailability of the school or child care provider, excluding planned holidays; or (4) a natural disaster, including but not limited to, fire, earthquake or flood.

Section 5.4.2 Required School Attendance

If an employee is a parent, guardian (in loco parentis) or grandparent with custody of a child who has been suspended from school and/or the employee receives notice from the child's school requesting that they appear pursuant to a request made under section 48900.1 of the Education Code, the employee may take unpaid time to appear at the school.



RULE X. LEAVES OF ABSENCE

An employee is permitted to use accrued leaves (such as personal, compensatory time off, or administrative leave; but not sick leave) when taking time off under the provisions of this rule; otherwise, such time shall be without pay.

The employee must, prior to the planned absence, give reasonable notice to their Supervisor of the request to appear at the child's school. Employees may be required to provide their Supervisor with documentation that the employee is required to appear at the school on a specific date and at a specific time.

Section 5.5 Military Leave

Any employee who is ordered to serve as a member of the state militia or the United States Army, Navy, Air Force, Marine Corps, Coast Guard, or any division thereof will be granted a military leave according to applicable state or federal laws upon providing the Administrative Services Director with a copy of the military orders. Upon the termination of such service or upon honorable discharge, the employee may be entitled to return to the employee's position, provided the position still exists, according to applicable state or federal laws.

Section 5.6 Time Off for Volunteer Firefighters, Reserve Peace Officer or Emergency Rescue Personnel

An employee who is volunteer firefighter, reserve peace officer, or "emergency rescue personnel" for an entity other than the City shall be permitted to take temporary leaves of absence, up to a total of fourteen (14) days per calendar year, to engage in fire or law enforcement training.

"Emergency rescue personnel" means any person who is an officer, employee, or member of a fire department or fire protection or firefighting agency of the federal government, State of California, a city, county, city and county, district, or other public or municipal corporation or political subdivision of California, or of a sheriff's department, police department, or a private fire department, whether that person is a volunteer or partly paid or fully paid, while they are actually engaged in providing emergency services.

An employee is permitted to use accrued leaves (such as personal, compensatory time off, or administrative leave; but not sick leave) when taking time off under the provisions of this rule; otherwise, such time off shall be without pay.

Except in cases of emergency, employees must provide notice to their Supervisor prior to utilizing leave under this policy.

Section 5.7 Time Off for Voting

If an employee does not have sufficient time outside of working hours to vote in a statewide election, they may, without loss of pay, take off sufficient working time to vote.



RULE X. LEAVES OF ABSENCE

This time should be taken at the beginning or end of the regular work schedule, whichever allows the most free time for voting and the least time off from working, unless otherwise mutually agreed.

An employee will be allowed a maximum of two (2) hours of voting leave on election day without loss of pay. If time off for voting is required, the employee must notify the employee's Supervisor of the need for leave at least two (2) working days prior to the election day.

Section 5.8 Lactation Accommodation

The City will provide a reasonable amount of break time to accommodate any employee wanting to express breast milk for the employee's infant child each time the employee has a need to express milk. The break time will, if possible, run concurrently with any break time already provided to the employee. If the employee takes lactation breaks at times other than their provided break times, then the lactation break is unpaid or the employee may choose to use accrued leave.

Those who want to take a lactation break at times other than their provided break times must notify a supervisor prior to taking such a break. Breaks may be reasonably delayed if they would seriously disrupt operations. Once a lactation break has been approved, the break should not be interrupted except for emergency or urgent circumstances.

The City will provide the employee with a room or other location (other than a bathroom) close to the employee's work area that is shielded from view and free from intrusion while being used for expressing milk. The room or location will also meet the following requirements:

- Be shielded from view and free from intrusion while being used to express milk.
- Be safe, clean, and free of hazardous materials;
- Contain a surface on which to place a breast pump and personal items;
- Contain a place to sit; and
- Have access to electricity needed to operate an electric battery-powered breast pump.

An employee occupying such a private area must either secure the door or otherwise make it clear to others through signage that the area is occupied, and they should not be disturbed. All other employees should avoid interrupting an employee during an authorized break under this section, except to announce an emergency or other urgent circumstance.

The City will provide access to a sink with running water and a refrigerator, or other cooling device, suitable for storing milk near the employee's work area.



RULE X. LEAVES OF ABSENCE

An employee may make a request for lactation accommodation, either orally or in writing, with the Administrative Services Director or supervisor. Following receipt of a request for lactation accommodation, the City will provide a timely written response to the employee in which the City will indicate if it is unable to provide the requested break time or a requested location for the purposes of expressing breast milk.

The City encourages any employee who does not believe that the City is providing them with an appropriate lactation accommodation as required by state law to inform the Administrative Services Director, or supervisor.

An employee who does not believe that the City is providing them with an appropriate lactation accommodation as required by state law has the right to file a complaint with the California Division of Labor Standards Enforcement/Labor Commissioner. Their nearest offices are listed in the government section of the telephone book.

Section 5.9 Leave for Victims of Violent Crimes or Domestic Violence and Relate Crimes

Any employee who has been the victim of a violent crime may take time off to obtain or attempt to obtain any relief, including but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety, or welfare of the victim or their child.

An affected employee must give the City reasonable notice to attend the scheduled judicial proceedings related to the crime. In cases of unscheduled or emergency court appearances or other emergency circumstances, the affected employee must, within a reasonable time after the appearance, provide the City with written proof that the absence was required for any of the above reasons.

An employee who is an immediate family member of a crime victim, including: a registered domestic partner; the child of the registered domestic partner; spouse; child; stepchild; brother; stepbrother; sister; stepsister; mother; stepmother; father; or stepfather or designated person of the crime victim is also entitled to leave from work to attend judicial proceedings relating to that crime. The leave is unpaid unless the employee elects to use accrued vacation, sick, or other paid leave, or compensatory time off.

Any employee who is a victim of domestic violence, sexual assault, stalking, or other crime may take leave from work to obtain or attempt to obtain any relief, including, but not limited to: a temporary restraining order, restraining order, or other injunctive relief to help ensure the health, safety, or welfare of the employee or their child, if the employee provides advance notice of the need for leave.



RULE X. LEAVES OF ABSENCE

If advance notice is not feasible, the employee must provide any of the following certifications within a reasonable time after the leave: a police report indicating that the employee was a victim; a court order protecting the employee from the perpetrator; evidence from the district attorney or court that the employee has appeared in court; or documentation from a health care provider or counselor that the employee was undergoing treatment for physical or mental injuries or abuse. The leave is unpaid unless the employee elects to use Healthy Workplace Healthy Family Act of 2014 sick leave, accrued vacation or paid leave, or compensatory time off.

Section 5.10 Bereavement Leave

All employees who have been employed by the City for at least 30 days are entitled to five (5) days of paid bereavement leave in the event of the death of a “family member”. A “family member” means a spouse, domestic partner, child, stepchild, parent, grandparent, grandchild, sibling, parent-in-law.

An employee may use vacation, personal leave, accrued and available sick leave, or compensatory time off in order to provide for their compensation during any bereavement leave in excess of five (5) days. An employee who utilizes bereavement leave must notify their supervisor or Administrative Services Director of the intent to use bereavement leave. Employees may use bereavement leave on a non-consecutive basis in the three (3) months that follow the date of death of the “family member”.

Section 5.11 Management Leave

Employees who are exempt from FLSA will receive 4 (4) hours of paid management leave each pay period. This management leave cannot be cashed out and must be used during the calendar year in which it is received. Newly hired or newly promoted employees who are exempt from FLSA overtime will receive a prorated amount of Management Leave for the year in which they are hired.

Section 5.12 Return from Work Related Injury or Illness

An employee who has been on a leave of absence due to injury or illness is expected to report to work upon being medically released to return to duty. This includes reporting when the employee has been released for modified duty. If an employee is released to return to modified duty, the City will determine through the Interactive Process if there is a reasonable accommodation.



RULE XI. ANNIVERSARY DATE

SECTION 1. ANNIVERSARY DATE

As noted, the Anniversary Date is the month and day of an employee's appointment. When an employee is promoted, the Anniversary Date shall be changed to the effective date of the promotion.

RULE XII. PERFORMANCE EVALUATIONS

SECTION 1. POLICY AND PURPOSES

The City is committed to providing regular reports whether oral or written on all employees regarding efficiency, competency, conduct and merit. The responsibility shall be borne by the City Manager, the Administrative Services Director, and their subordinate Supervisors. The evaluation process, whether oral or written, should inform employees of their standing and communicate expected standards of performance. It is also used to discuss City and department goals, employee goals, work standards, areas where improvement is needed, career development potential, and possible opportunities. Employees are encouraged to talk with their Supervisors about performance evaluations.

SECTION 2. TIMING OF ORAL AND/OR WRITTEN PERFORMANCE EVALUATIONS

All employees shall receive an oral or written performance evaluation within a reasonable time following the date of hire or promotion. On or upon the completion of the 90-day probationary period the probationary employee's supervisor will prepare and sign a performance evaluation. The purpose of the performance evaluation is to chart the probationary employee's progress in meeting the standard of the position.

Thereafter, within a reasonable time of each anniversary date, an oral or written employee performance evaluation shall be completed. In addition, an evaluation report may be prepared at any time, at the discretion of the City Manager. An employee who receives an overall rating of anything less than meets minimum requirements should be re-evaluated within three (3) months of receiving such rating and then again at least three (3) months subsequent to that rating. An employee may be rated at more frequent intervals at the discretion of the City Manager or the Supervisor.

Each performance evaluation shall be discussed with the employee to point out areas of successful performance and those which require improvement. The employee may comment regarding their work performance either in a written statement attached to the report or orally. The employee shall sign any written evaluation, which will signify that they are aware of the contents. The employee's signature does not imply that they agree with the contents of the report. The report shall also be signed by the City Manager.



RULE XII. PERFORMANCE EVALUATIONS

After a written evaluation has been completed and signed, a copy shall be given to the employee and the Supervisor. The original is to be filed with the City Manager.

SECTION 3. LESS THAN MEETS MINIMUM REQUIREMENTS RATINGS

- **Rating Intervals.** An employee who receives an overall performance rating of less than meets minimum requirements should be rated more frequently, as provided in these Personnel Policies.
- **Promotional Examinations.** An employee who receives an overall rating of less than meets minimum requirements shall not be eligible to participate in any promotional examinations until at least an overall meets minimum requirements rating has been established.
- **Salary Advancements.** An employee who receives an overall rating of less than meets minimum requirements shall not be eligible for any salary step advancement until an overall rating of at least meets minimum requirements has been established.

SECTION 4. CONSIDERATION FOR PROMOTION

In promotional examinations and selection of employees, past written performance evaluations shall be given consideration.

SECTION 5. NO APPEAL

An employee does not have the right to appeal or grieve any matter relating to a performance evaluation. Instead, the employee may comment on the evaluation in a written statement, which will be placed with the written evaluation in the employee's personnel file. Written statements in response to a written evaluation must be submitted within fourteen (14) days of when the evaluation is provided to the employee in order to be included with the evaluation in the employee's personnel file.



RULE XIII. COMPENSATION, BENEFITS, AND OVERTIME

SECTION 1. SALARY AND BENEFIT PLAN

The City Manager shall submit a proposed Salary and Benefit Plan to the City Council. The City Council shall adopt the proposed plan with any amendments by resolution. No position shall be assigned a salary or receive benefit contributions beyond what is defined in the plan or any adopted amendments. No person may be paid less than the minimum, nor more than the maximum of the salary range established for the class in which employed. No change in the salary range of a class may be made without City Council approval.

Section 1.1 Advancement through the Pay Plan

Advancement within a salary range is based on performance and requires the approval of the City Manager. Advancement through the steps of a salary range are not automatic.

Employees are eligible to be considered for a salary range advancement after either six (6) months or after twelve (12) months following initial appointment/promotion to a classification and a determination of satisfactory service. Thereafter, an employee with satisfactory service may advance within the salary range every twelve (12) months but only one step within twelve (12) months. The City Manager, with the recommendation of the Administrative Services Director, and based upon meritorious service may provide an employee with a salary range advancement more frequently than every twelve (12) months or a salary range increase greater than one (1) salary step.

Section 1.2 Salary Payment

Employees are paid biweekly on Wednesday for the two week period ending the Friday prior to pay day. When a payday falls on a City-recognized holiday, payment will be made on the prior day.

Section 1.3 Salary Upon Initial Appointment

New employees shall be paid at the first step of the salary range for the employee's classification. Exceptions to this provision may be made at the sole discretion of the City Manager, except that an employee may not receive more than the maximum salary established for the class to which appointed.

Section 1.4 Salary Upon Promotion

An employee who is promoted from a position in one class to a position in a higher class, shall have their salary adjusted to the first step on the salary range for the higher class that is at least Two and One Half percent (2.5%) greater than the employee's salary before promotion, except that under no circumstance shall the employee receive a salary that is greater than the maximum salary established for the class to which promoted.



RULE XIII. COMPENSATION, BENEFITS, AND OVERTIME**Section 1.5 Salary Upon Transfer**

An employee who transfers to another position shall have no change made in their salary or salary advancement consideration date.

Section 1.6 Salary Upon Demotion

Whenever an employee is demoted, whether such demotion is voluntary or otherwise, the employee's salary shall be adjusted to be within the salary range for the class to which the employee is demoted. The specific rate of pay within the range shall be determined by the City Manager, whose decision shall be final. An employee who is demoted to a position that they previously held shall not be placed at a step that is lower than the step held by the employee before the promotion.

Section 1.7 Salary Upon Reclassification

When an employee's position is reclassified, the employee's salary shall be determined as follows:

- If the position is reclassified to a class with a higher salary range than the previous class, the employee's salary shall be determined in the same manner as if the employee had been promoted.
- If the salary of the employee is the same or less than the maximum of the salary range of the new class, the salary of the employee shall not change; provided, however, that the employee shall not receive less than the minimum salary established for the class to which reclassified.
- If the salary of the employee is greater than the maximum of the range of the new class, the salary of the employee shall be designated as a "Y-Rate" and shall not change during continuous City service until the maximum of the salary range to which the class is assigned exceeds the "Y-Rate" salary of the employee.

Section 1.8 Salary Upon Reinstatement

An employee reinstated shall be placed at no lower than the same salary step they held at the time of separation from City service.

Section 1.9 Salary Upon Reemployment

An employee reemployed shall be placed at no lower than the same salary step they held at the time of separation from City service.



RULE XIII. COMPENSATION, BENEFITS, AND OVERTIME

Section 1.10 Timing of Salary Adjustments

The date of changes to employee salary shall be effective the first day of the payroll period following the date of approval of the change. Exceptions to effective dates of change require approval by the City Manager.

SECTION 2. OVERTIME PAY

It is the policy of the City that overtime work is kept to a minimum and shall be authorized in advance by the City Manager. Overtime is all hours an overtime-eligible employee actually works over 40 hours in their designated work week. Only actual hours worked will be counted toward the 40-hour threshold for purposes of calculating FLSA overtime pay; paid leave will not be counted. Overtime-eligible employees who are directed to work overtime must do so.

Those employees who are classified as “exempt” under the FLSA shall not be eligible to receive overtime. Non-exempt employees must request authorization from the City Manager to work overtime prior to actually working the overtime. The request shall be made in writing on forms specified by the City Manager. Overtime pay will be compensated at one and one-half (1½) times the employee’s regular rate of pay, for overtime authorized by the City Manager. Working overtime without advance approval is a violation of these policies and grounds for discipline, up to and including termination of employment. Employees are expected to report all hours worked in a work-reporting period.

Section 2.1 Overtime for Work on Holiday

Non-exempt employees required to work on a City-recognized holiday (as described in RULE XV Section 3 “Holidays”): when a holiday occurs on a weekday and the employee works on weekends, or otherwise works when they are not regularly-scheduled to work in a 40-hour workweek, the employee will be entitled to overtime compensation in the form of time and one half their regular rate of pay for hours worked on the holiday, (in addition to their holiday pay); for a weekend when a holiday occurs on a weekday; or for other non-scheduled work hours. Unscheduled work on a holiday requires prior approval by the City Manager.



RULE XIII. COMPENSATION, BENEFITS, AND OVERTIME

SECTION 3. COMPENSATORY TIME OFF

An overtime eligible employee may opt to accrue compensatory time off (“CTO”) in lieu of cash payment for overtime worked if the City Manager agrees prior to the overtime work being performed. An overtime eligible employee must request authorization from the City Manager to work overtime prior to actually working the overtime. The request shall be made in writing on forms specified by the City Manager. CTO accrues at a rate of 1.5 hour of leave for each hour, or fraction thereof, worked after 40 hours of actual work within the employee’s designated work week. No more than twenty (20) hours of compensatory time off may be accrued for employees.

Employees may use CTO only upon the approval of the City Manager or designee. An employee’s request to use accrued CTO will be granted provided that: (1) the employee’s department can accommodate the use of CTO on the day requested without undue disruption; and (2) the employee submits the request to use CTO at least five (5) business days prior to the date of requested usage.

If the employee does not provide at least five (5) business days’ notice or the department cannot accommodate the requested time off, the City will provide the employee with the opportunity to select another day for usage of the CTO.

The City reserves the right to cash out accumulated CTO at any time. During employment CTO is cashed out at the employee’s current FLSA regular rate of pay. Employees separating from City service shall be compensated for all accrued, unused CTO hours at the higher of either: (1) the separating employee’s current FLSA regular rate of pay; or (2) the average FLSA regular rate of pay for the prior three (3) years.

SECTION 4. COMPENSATION FOR HOLIDAYS

All employees, whether employed full-time or part-time, shall receive holiday pay. Part-time employees shall receive holiday pay pro-rated according to the number of hours they are scheduled to work during a week. Only full-time equivalent (FTE) employees are eligible for floating holidays.

SECTION 5. TIME SHEETS

All employees are required to submit accurate and complete time sheets. Time sheets are due as directed by the City Manager or designee. Each employee shall sign their time sheet verifying the hours worked. It is the responsibility of the employee to make certain their time sheet has been filled out correctly before submitting. The employee’s Supervisor shall verify and approve each employee’s accumulated hours of work prior to submitting to the payroll division for payment. Records of hours worked, personal time, compensatory time, sick leave, and holiday accumulated and used, shall be kept by the payroll division.



RULE XIII. COMPENSATION, BENEFITS, AND OVERTIME**SECTION 6. TUITION REIMBURSEMENT**

All full-time regular employees shall be allowed reimbursement up to one thousand dollars (\$1,000) per calendar year for tuition and books upon successful completion of an approved eligible course of study and/or individual courses. Eligible courses or courses of study must meet the following criteria:

- Approval from City Manager is obtained prior to attending class;
- Course must be directly related to employee's job duties or related to a City promotional opportunity;
- College units or Continuing Education Units (CEU's) credit must be available, or the course must be presented by a bonafide recognized firm or training institution with direct knowledge and experience in the curriculum offered;
- The course and study time are outside of the employee's work hours;
- Successful completion means an academic grade of C or better, or a certificate of completion.

Reimbursement will not be made without documentation of eligibility and successful completion.

Reimbursement for training classes, seminars and workshops which are not part of an academic course of study is limited to the cost of registration only. Expenses for lodging, meals, travel and other related expenses are not reimbursable under this program. Expenses for books, class fees, and/or class supplies for college classes which are part of an allowed, academic course of study will be eligible for reimbursement under this program.



RULE XIV. SALARY ADJUSTMENTS

SECTION 1. SALARY ADJUSTMENTS

All salary adjustments shall be determined annually by the City Manager. The total salaries for all employees shall not exceed the amount budgeted by the City Council.

SECTION 2. PREMIUM PAY

Section 2.1 Education, Accreditation or Other Earned Bonafide Credentials

Employees hired into regular full-time employment with verified credentials indicating they have successfully attained technical skills above and beyond the approved Job Description for the position hired, shall be eligible for premium pay of 2.5% of the employee's base salary as long as the credential remains current, applicable and relevant to the job duties as determined by the City Manager. An employee may qualify for as many four of such credentials and associated premium pay, in increments of 2.5% not to exceed 10% total (four). To receive the premium pay described in this section, employees must present documentation of their verified credentials to City Manager for review and approval, and employees must maintain the credential.

Section 2.2 Educational Incentive

The City will provide a 2.5% premium pay for full-time regular Maintenance Workers and Clerical employees that obtain technical certificates of achievement through a qualified certification standard as approved by the City Manager to be relevant and applicable to the job duties described in each employee's full-time regular job description.

In the Maintenance Worker Classification, such credentialing programs may include but are not limited to those provided by the State Water resources Control Board Office of Operator Certification for the Grades I, II, III and IV, for potable water distribution, wastewater collection, back-flow prevention certification, pesticide application, National Institute of Automotive Service Excellence certification.

In the Clerical Classification, such credentialing may include certain work critical software applications, information technology, "City Clerk," "Certified Public Buyer" or other professional training programs, risk management, human resources, or other qualified certification programs.

To receive the premium pay described in this section, employees must present documentation of their technical certificates to the City Manager for review and approval, and employees must maintain the credential.



RULE XV. SCHEDULE, ATTENDANCE, AND HOLIDAYS

SECTION 1. WORK WEEK AND WORK HOURS

The workweek for the City begins at 12:00 a.m. on Saturday and ends at 11:59 on the following Friday. The usual working hours for City employees shall be 8:00 a.m. to 5:00 p.m.

SECTION 2. ATTENDANCE

Unless modified by the City Manager, employees shall be in attendance at their work in accordance with the policies regarding work hours, holidays and leaves. Daily attendance records of employees shall be maintained which shall be reported to the City Manager or designee in the form and on the dates they specify. Failure on the part of an employee, absent without leave, to return to work within twenty-four (24) hours, shall be cause for immediate dismissal.

SECTION 3. HOLIDAYS

The City Council shall designate official City holidays by resolution no later than July 1 of each year for the upcoming fiscal year.

RULE XVI. ADMINISTRATIVE REPORTS AND RECORDS

SECTION 1. OBJECTIVES OF ADEQUATE RECORDS AND REPORTS MAINTENANCE

All necessary forms, records, documents, rosters and operating procedures shall be maintained by the Administrative Services Director for the following reasons:

- To ensure that all legal, regulatory, and procedural requirements as well as any provisions of these Personnel Policies, any City Ordinance, or policy related to personnel administration may be accomplished;
- To provide a basis for the decision-making in personnel actions and operations;
- To provide a basis for reports on personnel activities.

SECTION 2. PERSONNEL RECORDS

A personnel record shall be maintained for every employee and shall contain all information pertinent to their employment. An employee's personnel file may be examined only by the City Manager, the City Attorney, the employee's Supervisor, the employee assigned to be responsible for personnel records and those authorized by the City Manager.



RULE XVI. ADMINISTRATIVE REPORTS AND RECORDS

Upon reasonable notice and during normal business hours on normal business days, current and former employees, or a representative of the employee, may review their official personnel file in the presence of the Administrative Services Director. Employees are permitted to see any records regarding qualification for employment, promotion, wage increases, earnings and deductions, or discipline. Employees may, upon written request, receive electronic copies of documents placed in their personnel file. Employees may respond to anything in writing placed in their personnel files. Employees who wish to review their personnel files should submit a written request to the City Manager. In accordance with the provisions of this rule and state law, all documents in the possession of the City about an employee may not be available to the employee for review.

The City is authorized to release information to verify the position, salary, and employment dates only for City employees. No other reference information will be released. Any other information, including address and phone numbers, may be released only with a written authorization from the employee.

SECTION 3. MEDICAL RECORDS

All medical information about an employee or applicant is kept separately from the rest of the personnel file and maintained in confidentiality in accordance with applicable state and federal law. The City Manager, City Attorney and legal representatives, Administrative Services Director and Supervisor are authorized to access such medical information on a case-by-case basis only as authorized by state or federal law. In the case of an employee with a disability, supervisors may be informed about necessary restrictions on the work or duties of the employee and necessary accommodations. All persons with such authorization shall maintain such information according to the same standards of privacy and protection from unauthorized access as is maintained by the Administrative Services Director. Violations of this policy may result in discipline, up to and including dismissal from employment. Nothing in this policy is intended to extend or expand the scope of employee privacy rights beyond the limits of existing law.

SECTION 4. RECRUITMENT RECORDS

Records gathered during any recruitment process shall be filed and maintained in confidence. The City Manager, City Attorney and legal representatives, Administrative Services Director, and Supervisors are authorized to access such records. All persons with such authorization shall maintain such information according to the same standards of privacy and protection from unauthorized access as is maintained by the Administrative Services Director. Violations of this policy may result in disciplinary action, up to and including dismissal from employment. Nothing in this policy is intended to extend or expand the scope of employee or applicant privacy rights beyond the limits of existing law.



RULE XVI. ADMINISTRATIVE REPORTS AND RECORDS**SECTION 5. PAYROLL RECORDS**

The City Manager shall maintain such records that are necessary for payroll and retirement system purposes. The Administrative Services Director, City Manager, or persons authorized by the City Manager, may inspect such records from time to time in fulfilling their duties including, but not limited to, the purpose of administering these policies.

SECTION 6. CHANGE OF STATUS REPORT

Every appointment, transfer, promotion, demotion, change of salary rate, resignation, suspension, and any other temporary or permanent change in status of employment shall be reported to the Administrative Services Director and the date thereof and a record of same shall be kept by the Personnel Services Department in the affected employee's personnel file.

SECTION 7. CHANGE OF EMPLOYEE STATUS OR INFORMATION

It is the responsibility of each employee to notify the Administrative Services Director, within five (5) business days of any change in the employee's withholding status, home address, telephone number, name or other such information (e.g. marriage, divorce, change in number of dependents, etc.) that might affect the City payroll records and/or other employee benefits such as health and dental insurance benefits.

SECTION 8. DEPARTMENT RECORDS

Each department may keep and maintain such working and Supervisor records as may be deemed necessary for the purpose of carrying out the provisions of these policies and the functions of the department. The Supervisor shall make available to the Administrative Services Director all department reports, records and documents dealing with personnel matters as are appropriate. Such department records are considered confidential records.

SECTION 9. DESTRUCTION OF RECORDS

All records relating to personnel, including correspondence, applications, examination reports, and all other personnel records, may be destroyed pursuant to the laws of the State of California and the City's Retention Policy as it may be adopted and amended by the City Council.



RULE XVII. DISCIPLINARY PROCEDURES**SECTION 1. DISCIPLINARY ACTION**

All disciplinary actions will be for just cause and be commensurate with the offense(s). Disciplinary actions include:

- Suspension without Pay
- Reduction in Pay
- Demotion in Classification
- Termination of Employment

Only non-probationary employees may respond to and appeal disciplinary action under this section.

Probationary employees, except those who are serving a probationary period pursuant to promotion or job change, may be disciplined or released from employment without advance notice or any appeal. Those employees who are serving a probationary period pursuant to a promotion or job change may be also returned to their previous job without advance notice or any appeal.

Each of the following constitutes just cause for discipline of any employee, or disqualification of any person on an employment list. Just cause includes, but is not limited to:

- a. Fraud in securing any appointment.
- b. Incompetency.
- c. Inefficiency.
- d. Neglect of duty.
- e. Insubordination.
- f. Dishonesty.
- g. Being under the influence of any substance which may impair judgement or performance on duty.
- h. Unexcused absence without leave.
- i. Conviction of a felony or conviction of a misdemeanor involving moral turpitude. A plea or verdict of guilty, or a conviction following a plea of nolo contendere, to a charge of a felony or any offense involving moral turpitude is deemed to be a conviction.
- j. Unethical conduct.



RULE XVII. DISCIPLINARY PROCEDURES

- k. Discourteous treatment of the public or other employees.
- l. Improper political activity.
- m. Misuse of City property or resources.
- n. Violation of City or department rules, policies, or procedures.
- o. Refusal to take and subscribe to any oath or affirmation that is required by law in connection with employment.
- p. Other failure of good behavior either during or outside of duty hours, which is of such a nature that it causes discredit to the City or the person's employment.
- q. Unlawful discrimination, harassment, or retaliation due to a person's protected activity or status.

SECTION 2. NOTICE

Proposed disciplinary actions must be presented to the employee in writing. Acceptable methods of service on the employee include personal, USPS first class mail with Proof of Service Form, or email to all addresses for the employee known to the City. The written notice of proposed discipline will include:

- the nature and level of the discipline proposed,
- a statement of the facts upon which the discipline is based,
- policies, rules, or other authorities allegedly violated,
- the proposed effective date of the disciplinary action,
- the identity and signature of the City representative initiating the proposed discipline,
- copies of all materials that relied upon in support the proposed discipline,
- the name of the City representative who will hear or receive the employee's response, and
- instructions on how to respond to the proposed disciplinary action.

In the event the proposed disciplinary action is termination of employment, the employee will be removed from duty with pay immediately pending their exercise of this process.

SECTION 3. RIGHT TO RESPOND

The employee has the right to respond to a proposed disciplinary action orally or in writing within five (5) calendar days of receipt. The employee may be represented by a person of their choosing in preparing and/or presenting their response. The employee's failure to respond within the five (5) calendar days of receipt is an acceptance of the proposed discipline, a waiver by of their right to respond and subsequently appeal.



RULE XVII. DISCIPLINARY PROCEDURES

SECTION 4. DECISION

Upon receipt and consideration of the employee's response, if any, the City representative's written decision will be provided to the employee in writing by one of the following methods: personally, via USPS first class mail with Proof of Service Form, or email to all addresses for the employee known to the City.

SECTION 5. APPEAL

An employee who responded to the proposed disciplinary action who disagrees with the written decision may appeal, stating the reasons in writing, to the City Manager within five (5) calendar days of receipt. The employee may be represented by a person of their choosing in preparing and/or presenting their appeal. The City Manager may choose to consider the appeal based on the existing written record or may arrange a meeting. The City Manager's decision is final and binding on the employee and the City.

RULE XVIII. VIOLATIONS

SECTION 1. VIOLATIONS OF POLICIES

Violations of the provisions of these policies by any employee shall be grounds for disciplinary action up to and including termination of employment .

SECTION 2. GRIEVANCES

Section 2.1 Grievance Definition

A grievance is any dispute which involves the claimed violation, misinterpretation or misapplication of these Personnel Policies, excluding those provisions of these Personnel Rules which are specifically excluded from the grievance procedure or which provide that the decision of the City Council, City Manager or designee shall be final. In the event that an alternative complaint procedure is applicable to an employee's claim (e.g., harassment complaint procedure), the grievance shall be treated as having been submitted under that alternative procedure and will be processed accordingly. Any matter addressed through an alternative procedure may not also be raised as a grievance under this rule. A grievant may be an employee, or any group of employees, or a represented bargaining unit.

The following are some of the matters that are excluded from the definition of "grievance" and are not subject to the grievance procedure:

- Challenges to or requests for changes in the content of employee evaluations or performance reviews, verbal or written warnings or reprimands, or counseling memorandums;



RULE XVIII. VIOLATIONS

- Challenges to a reclassification, layoff, transfer, denial of reinstatement or denial of step or merit increase;
- Requests for changes in wages, hours or working conditions, including any impasses or dispute in the meet and confer process or matter within the scope of representation as defined by the Meyers Milias Brown Act;
- Challenges to examination or appointment to positions;
- All City Rights defined as including, but not limited to the exclusive right to: determine the mission of its constituent departments, commissions, and boards; set standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other lawful reasons; determine the content of job classifications; subcontract work; maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted; take all necessary action to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its

SECTION 2.2 GRIEVANCE PROCEDURE

A grievance shall be processed in the following manner:

Step 1 – Informal Step

Within seven (7) days of when the grievant knew or should have known of the event giving rise to the grievance, the grievant will first try to resolve the grievance through discussion with the grievant's immediate Supervisor. During this discussion, the grievant must clearly state that a grievance is being initiated. Within seven (7) days of this discussion, the immediate Supervisor shall give the grievant their decision or response to the informal grievance. This response may be provided orally or in writing. If the employee is not satisfied with the reply, they may file a formal grievance.



RULE XVIII. VIOLATIONS

Step 2 – Formal Step.

If the grievance is not resolved in Step 1, or if it is determined by the City, for good and sufficient reason, that the grievant may initiate the grievance at Step 2, the grievant may file a formal, written grievance. The written grievance shall contain the following:

- name of grievant(s)
- class title(s)
- department
- mailing address(es)
- a clear statement of the nature of the grievance (citing applicable sections of policies, regulations, resolutions, ordinances or existing practices)
- the date(s) on which the event(s) giving rise to the grievance occurred
- a proposed solution to the grievance
- the date of execution of the grievance form
- the signature of the grievant(s)
- the signature of the grievant's representative, if any
- the date of the discussion meeting in Step 1 and the name of the Supervisor involved

Any formal grievance must be filed within seven (7) days after either the response to the informal grievance is given or the time to provide a response to the informal grievance has expired if no response is given. If the grievance is initiated at Step 2, it must be filed within seven (7) days of when the grievant knew or should have known of the event giving rise to the grievance.

Upon receipt of a formal written grievance, the Department Head will investigate the grievance and may, in their discretion, schedule a meeting with the grievant in an attempt to resolve the grievance. The Department Head will issue their decision regarding the grievance in writing within seven (7) days of receipt of the written grievance, except that if the Department Head conducts a meeting with the grievant, the Department Head will issue their decision in writing within fourteen (14) days of that meeting.

Step 3. – Review of Department Head Decision

If the grievance is not resolved by the Department Head's decision in Step 2, or if the time for the Department Head to provide a decision under Step 2 has expired, the grievant(s) may appeal the written grievance to the City Manager or designee (other than the supervisor and/or Department Head involved) within seven (7) days of receipt of the Department Head's decision in Step 2.



RULE XVIII. VIOLATIONS

The City Manager reviews the grievance and may, in their discretion, schedule a meeting with the grievant in an attempt to resolve the grievance.

The City Manager shall render a decision within thirty (30) days of receipt of the written grievance, except that if the City Manager conducts a meeting with the grievant, the City Manager will issue their decision in writing within thirty (30) days of that meeting. Any decision by the City Manager shall be final and binding on the parties.

SECTION 2.3 GENERAL CONDITIONS OF GRIEVANCES

- The Administrative Services Director will act as a central repository for all Step 2 and Step 3 grievance records.
- Any time limit may be extended only by mutual agreement in writing.
- An aggrieved employee may be represented by another individual at any stage of the proceedings at their request. Both employee and representative (if employed by City) will be entitled to attend proceedings without loss of compensation, should such proceeding conflict with employee's and/or representative's normal working hours.
- Proposals to add to or change these Personnel Policies shall not be considered under this section.
- Failure by the grievant or grievant's representative to initiate or appeal a grievance within the prescribed time limits shall waive the right of the grievant and the grievant's representative to initiate or appeal a grievance. In the case of an appeal, the last answer to the grievance shall be deemed to be the resolution to the grievance.



RULE XVIV. VOLUNTEERS

SECTION 1. INTENT

The City Council has determined that the use of volunteers to assist City staff would be a valuable asset to the City and to the community at large. Volunteers can provide valuable public services to the community and City while simultaneously gaining valuable work experience. The use of volunteer assistance shall not be used to replace existing services delivered by City employees but is designed to augment and assist existing City employees under the direction and supervision of City staff.

SECTION 2. DEFINITION

For purposes of this Volunteer Program, “volunteer” shall mean an individual who, under the direction and supervision of a City employee or volunteer firefighter, performs hours of service in a City department for civic, charitable, health, humanitarian, recreational, public safety or general welfare reasons, without promise, expectation or receipt of compensation for services rendered, except for reimbursement of expenses. This does not include our volunteer firefighters. Volunteers shall not receive any form of compensation or any form of benefits. Individuals shall be considered volunteers only when their services are offered freely and without pressure of coercion, direct or implied, from the City. Volunteers shall be covered by the City’s workers’ compensation and liability program only upon execution of a “Volunteer Acknowledgement Form”.

SECTION 3. PROCEDURE

If a department head would like to use an individual as a volunteer in their department, said department head shall submit a “Request to Utilize Volunteer Form” to the Administrative Services Director, explaining the type of work the volunteer will be doing and who will be supervising the volunteer’s activities. The City Manager or designee shall verify that the volunteer has the requisite skills to perform whatever tasks he/she will be required to perform. This form shall be signed by the requesting department head and the City Manager. Any individual desiring to provide services to the City as a volunteer shall sign a City Volunteer Acknowledgement Form.

If appropriate, the Administrative Services Director after consulting with the affected department, a background investigation and/or criminal background investigation may be conducted in accordance with adopted City policies and procedures and as acknowledged on the Volunteer Acknowledgement Form.

The Administrative Services Director shall provide all volunteers with an orientation concerning applicable City policies. It shall be the responsibility of the City to orient all volunteers about, but not limited to, American with Disabilities Act, Sexual Harassment Policy, Injury and Illness Prevention Program, Electronic Media Policy and protections from discrimination.



APPENDIX A—FAMILY AND MEDICAL LEAVES

Policy Type: Employment

Policy: Family And Medical Leaves as Provided by FMLA/CFRA

Policy Number: Appendix A

Date Adopted: XXX

Date Amended: XXX

PURPOSE

The City provides family and medical care leave for eligible covered employees as required by state and federal law. This Policy is supplemented by the Federal Family and Medical Leave Act (FMLA), and California Family Rights Act (CFRA). Unless otherwise stated in this Policy, “leave” means leave pursuant to FMLA and CFRA. Unless otherwise provided by law, the City will run each employee’s FMLA and CFRA leaves concurrently.

FMLA/CFRA

In accordance with FMLA and CFRA, the City may designate eligible covered employees a leave of absence for a period of 12 work weeks of family and medical leave during a 12-month period for a qualifying event, or 26 workweeks to care for a covered servicemember.

Leave may be designated for one or more of the following qualifying reasons:

- The birth of the employee’s child, or placement of a child with the employee for adoption or foster care, or to care for a newborn of an employee, or for baby bonding;
- To care for the employee’s child, spouse or registered domestic partner or their child, parent, grandparent, grandchild, or sibling or designated person who has a serious health condition;
- For a serious health condition that makes the employee unable to perform their job;
- For an employee, or for an employee’s family member, against whom a “Qualifying Act of Violence” has been committed. A “Qualifying Act of Violence” is defined as any of the following regardless of whether it results in an arrest, prosecution, or conviction:
 - Domestic violence
 - Sexual assault
 - Stalking, or



APPENDIX A—FAMILY AND MEDICAL LEAVES

- An act, conduct or pattern of conduct that includes any of the following: an individual causing bodily injury or death to another individual; an individual exhibiting, drawing, brandishing, or using a firearm, or other dangerous weapon, with respect to another individual; or an individual using or making a threat, whether actual or perceived, to use, force against another individual to cause physical injury or death.

“Family member” means a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner, as those terms are defined in Section 12945.2, or designated person. “Designated person” means any individual related by blood or whose association with the employee is the equivalent of a family relationship. The designated person may be identified by the employee at the time the employee requests the leave. An employer may limit an employee to one designated person per 12-month period for leave pursuant to this section.

- Leave for a variety of “qualifying exigencies” arising from an employee’s spouse, son, daughter, or parent is on active duty or call to active-duty status in the National Guard or Reserves in support of a contingency operation;
- Under the CFRA only, leave for a variety of “qualifying exigencies” arising from an employee’s domestic partner is on active-duty status in the National Guard or Reserves in support of a contingency operation. Leave for this purpose does not apply to FMLA leave and will not run concurrently with leave under the FMLA; or
- Leave to care for a spouse, son, daughter, parent or “next of kin” who is a covered servicemember of the U.S. Armed Forces who has a serious injury or illness incurred in the line of duty while on active military duty; or existed before the beginning of the member’s active duty and was aggravated by service in the line of duty on active duty in the Armed Forces. This leave can run up to 26 weeks of unpaid leave during a single 12-month period.

Leave that is requested for the birth, adoption or foster care placement of a child of the employee, must be concluded within one year of the birth or placement of the child. An employee is entitled to leave for one of these purposes for at least one day, but less than two weeks duration on any two occasions; otherwise leave must be used in a minimum increment of two weeks.

When both parents are employed by the City and request simultaneous leave for the birth or placement for adoption or foster care of a child, the City will designate 12 workweeks of family/medical leave for each employee.



APPENDIX A—FAMILY AND MEDICAL LEAVES

If leave is requested as family care leave for a qualifying family member or the employee with serious health condition, there is no minimum amount of leave that must be taken. However, compliance with the notice and medical certification provisions in this Policy is required.

SERIOUS HEALTH CONDITION

Serious health condition: A serious health condition means an illness, injury, impairment, or physical or mental condition that involves one of the following:

- Inpatient care in a hospital, hospice, or residential medical care facility, including any period of incapacity or subsequent treatment in connection with or consequent to such inpatient care;
- A period of incapacity of more than three consecutive calendar days that involves (a) treatment two or more times by a health care provider or (b) treatment by a health care provider on at least one occasion which results in a regimen of continuing treatment under the supervision of the health care provider;
- A period of incapacity due to qualifying pregnancy or other pregnancy related conditions; the City will be careful to ensure that PDL for eligible covered employees runs separately and concurrently according to all laws;
- A chronic condition which (a) requires periodic visits for treatment by a health care provider, (b) continues over an extended period, and (c) may cause episodic rather than a continuing period of incapacity (e.g. asthma, diabetes, epilepsy, etc.);
- A period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective and the employee or family member is under the continuing supervision of a health care provider (e.g., Alzheimer's, a severe stroke, or the terminal stages of a disease); or
- Any period of absence to receive multiple treatments by a health care provider either for restorative surgery after an accident or other injury, or for a condition that would likely result in the period of incapacity of more than three consecutive calendar days in the absence of medical intervention or treatment.



APPENDIX A—FAMILY AND MEDICAL LEAVES

Qualified health care providers include doctors of medicine or osteopathy, podiatrists, dentists, clinical psychologists, optometrists, chiropractors, alternative health care providers, nurse practitioners, and nurse-midwives authorized to practice under state law and performing within the scope of their practice under state law.

ELIGIBILITY FOR LEAVE

Covered employees are eligible for leave pursuant to this policy if the employee has been employed with the City for at least 12 months and has worked for at least 1,250 hours during the 12-month period immediately preceding the commencement of the leave.

In addition, to be eligible for Military Family Leave to care for an injured servicemember, the covered employee must be a spouse, domestic partner, son, daughter, parent or next of kin of a covered servicemember. The servicemember's medical condition must warrant the participation of the employee to provide supervision or care during the entire period of leave.

A covered eligible employee is may also use available leave entitlement for parental leave to bond with a new child within one year of the child's birth, adoption or foster care placement.

For purposes of calculating the 12-month period during which 12 weeks of leave may be taken, the City will use a rolling 12-month period measured backward from the date leave is taken and continuous with each additional leave day taken. Successive 12-month periods commence on the date of an employee's first use of such leave after the preceding 12-month period has ended. There is no carryover of unused leave from one 12-month period the next 12-month period.

SERVICEMEMBER CARE

An eligible employee may take up to 26 work weeks of leave during a single 12-month period to care for the servicemember proportional to an employee's average hours worked. Leave to care for an injured or ill servicemember, when combined with other FMLA/CFRA-qualifying leave, may not exceed 26 weeks in a single 12-month period. Servicemember FMLA/CFRA, to care for an injured or ill service member, is available once per servicemember, per serious injury or illness.

Qualifying exigencies may include addressing needs arising from short-notice deployment, attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, addressing needs related to the care of the military member's parent who is incapable of self-care, attending certain



APPENDIX A—FAMILY AND MEDICAL LEAVES

counseling sessions, to spend up to 15 calendar days with a military member who is on R and R leave, and attending post-deployment reintegration briefings.

Servicemember FMLA/CFRA runs concurrent with other leave entitlements provided under federal, state, and local law.

Medical certification for a Military Caregiver Leave must be from a United States Department of Defense, Department of Veteran's Affairs, or other authorized medical provider. It must indicate:

- Whether the servicemember has incurred a serious injury or illness.
- Whether the injury or illness renders the servicemember medically unable to perform the duties of the member's position.
- Whether the injury or illness was incurred in the line of duty while on active duty.
- Whether the servicemember is undergoing medical treatment, recuperation, or therapy, or is otherwise on outpatient status, or is otherwise on the temporary disability retired list.
- The probable duration of the injury or illness.
- The frequency and duration of leave the family member requesting leave will require.
- The family relationship of the eligible employee to the covered service member.

PROCEDURES

Whenever possible, employees should provide at least 30 days advance notice for foreseeable events (such as a planned medical treatment for themselves or family member, or the expected birth, adoption, or foster placement of a child). For events that are less than a 30-day advance notice or that are unforeseeable, employees must notify the _____, at least verbally, as soon as the need for a leave is known. Failure to comply with these notice policies may be grounds for, and may result in, deferral of the requested leave until the employee complies with these notification/leave request procedures.

If an employee cites their own serious health condition as a reason for leave, the employee must provide a certification from the health care provider stating:

- Date of commencement of the serious health condition;
- Probable duration of the condition; and
- Inability of the employee to work at all or perform any one or more of the essential functions of their position because of the serious health condition.



APPENDIX A—FAMILY AND MEDICAL LEAVES

All medical certifications must have a measurable calendar period. When medically necessary, leave may be taken on an intermittent basis.

If a covered eligible employee provides an incomplete medical certification, the employee will be given a reasonable opportunity to remedy any deficiency. However, if an employee fails to provide a medical certification within the time frame established in this Policy, the City may delay the taking of FMLA/CFRA leave until required certification is provided or deny FMLA/CFRA protections following the expiration of the period to provide an adequate certification.

If the FMLA and/or CFRA request is made because of the employee's own serious health condition, the City may require, at its expense, a second opinion from a health care provider that the company chooses. The health care provider designated to give a second opinion will not be one who is employed on a regular basis by the City.

If the second opinion differs from the first opinion, the City may require, at its expense, the employee to obtain the opinion of a third health care provider designated or approved jointly by the employer and the employee. The opinion of the third health care provider will be considered final and binding on the City and the employee.

The City requires the employee to provide certification within 15 days of any request for family and medical leave under state and federal law, unless it is not practical to do so. The City may require recertification from the health care provider if additional leave is required.

COMPENSATION DURING LEAVE

FMLA/CFRA leave is without pay. However, the employee may use accrued paid leave. Use of accrued leave or other wage replacement benefits will not impede tolling leave time against eligible protected leave entitlement banks.

BENEFITS DURING FMLA

The City will continue to pay its customary portion of any group health, dental, and vision insurance during a leave of absence as required by law. When in unpaid status, to maintain coverage, employees are required to pay timely the full employee contribution, either through payroll deduction or by paying the City directly. Employees may also arrange with Finance for payment of any other payroll deductions. Any payments made by the City for the employee contribution will be collected from the employee by the City. The City may recover its portion of any group health, dental, and vision insurance premiums paid if the employee fails to return from leave under the circumstances described in applicable state or federal leave laws.

Sick leave, vacation and holiday benefits will not accrue during the period of any unpaid leave under this Policy.



APPENDIX A—FAMILY AND MEDICAL LEAVES

RETURN TO WORK

An employee on leave of absence without pay due to the employee's own illness or injury will be required by the City to present to the _____ a fitness for duty statement by the employee's treating health care provider releasing the employee with or without restrictions prior to returning to work. In appropriate circumstances, an employee may be restored to work, placed on administrative leave, and then required to undergo a fitness-for-duty examination.

Employees are expected to periodically report to the _____ on their status and intent to return to work as often as necessary but not less than once per month during periods of medical leave use. This will avoid any delays to reinstatement when the employee is ready to return.

Under most circumstances, upon submission of a fitness for duty certification from the employee's health care provider that the employee can return to work from leave for the employee's own serious health condition, the employee will be reinstated to the same position held at the time the leave began or to an equivalent position. An employee returning from CFRA leave has no greater right to reinstatement than if the employee had been continuously employed.

MISUSE OF LEAVE

Employees who misuse or abuse family and medical care leave may be subject to corrective action up to termination. Employees who fraudulently obtain or use California Family Rights Act (CFRA) leave are not protected by the CFRA's job restoration or maintenance of health benefits provisions.



APPENDIX B—DRUG FREE WORKPLACE

Policy Type:	Employment
Policy Title:	Drug Free Workplace
Policy Number:	Appendix B
Date Adopted:	XXX
Date Amended:	XXX

PURPOSE

This Policy is to promote a drug and alcohol-free workplace and to eliminate drug and alcohol-related inefficiencies and risks. This Policy applies to all City employees, whether they are on City property, or they are performing City-related business elsewhere, except as this Policy is superseded by federally mandated drug and alcohol policies. Compliance with this Policy is a condition of employment.

Disciplinary action will be taken against those who violate this Policy.

EMPLOYEE ASSISTANCE PROGRAMS (EAP)

The Authority provides an EAP that offers counseling and treatment of drug or alcohol-related problems.

PROHIBITED CONDUCT

- The manufacture, distribution, sale, dispensation, possession, or use of any controlled substance, narcotic (including marijuana), or prescription drug that has not been lawfully prescribed to the employee in either workplaces or wherever Authority business is performed. (41 U.S.C. §§ 701-702; Gov. Code § 8355(a)(1).)
- Working or being subject to call in if impaired by alcohol or any controlled substance, narcotic (including marijuana), or prescription drug that has not been lawfully prescribed to the employee.
- An employee's failure to notify the employee's supervisor, Department Head or City Manager before beginning work when taking medications or drugs, including, but not limited to prescription drugs, over the counter medications, or illegal drugs or narcotics (including marijuana), which could interfere with the safe and effective performance of duties or operation of the Authority.
- An employee's failure to notify the City Manager or designee of any criminal conviction for a drug violation that occurred in the workplace within five days after such conviction. (41 U.S.C. §§ 701-702.)
- An employee's criminal conviction for a drug violation that occurred in the workplace.



APPENDIX B—DRUG FREE WORKPLACE

DRUG AND ALCOHOL TESTING

The City has discretion to test applicants and employees for alcohol and drug use under the following circumstances. The City will use an outside laboratory to perform all testing.

- **Pre-Employment Testing for External Applicants:** Those external applicants who apply for jobs where a special need for pre-employment drug and alcohol testing exists must take and pass a drug and alcohol test following a conditional offer of employment. The categories of jobs subject to pre-employment drug and alcohol testing include, but is not limited to, the following:
 1. Safety sensitive jobs that have public safety implications, such as operating heavy trucks to transport hazardous material, protecting national security, enforcing drug laws, and/or operating natural gas pipelines, and
 2. Jobs that involve the direct influence over children.
- **Reasonable Suspicion Testing:** The Authority may require a blood test, urinalysis, or other drug and/or alcohol screening of those employees who are reasonably suspected of using or being under the influence of a drug or alcohol at work, under the following circumstances.
 1. “Reasonable suspicion” to test exists if, based on objective factors, a reasonable person would believe that the employee is under the influence of drugs or alcohol at work. Examples of objective factors, include, but are not limited to: unusual behavior, slurred or altered speech, body odor, red or watery eyes, unkempt appearance, unsteady gait, lack of coordination, sleeping on the job, a pattern of abnormal or erratic behavior, a verbal or physical altercation, puncture marks or sores on skin, runny nose, dry mouth, dilated or constricted pupils, agitation, hostility, confused or incoherent behavior, paranoia, euphoria, disorientation, inappropriate wearing of sunglasses, tremors, an accident involving agency property or equipment, or other evidence of recent drug or alcohol use.
 2. Document and Analysis: In order to receive authority to test, the supervisor must record the factors that support reasonable suspicion in writing and analyze the matter with the City Manager or designee. Any reasonable suspicion testing must be pre-approved by the City Manager.
 3. Testing Protocol: If the documentation and analysis show that there is a reasonable suspicion of drug or alcohol abuse at work, upon approval by the City Manager, the employee will be relieved from duty, and transported to the testing facility and to the employee’s home after the test. The employee will be placed on sick or other paid leave until the test results are received.



APPENDIX B—DRUG FREE WORKPLACE

CONVICTION FOR DRUG-RELATED OFFENSE

An employee who is convicted under a federal or state criminal drug statute relating to any conduct prohibited by this policy will be deemed to have violated this Policy. Upon receiving notice of a conviction of an employee for any such violation, the City will either (a) take appropriate disciplinary action in accordance with this Policy, and/or (b) require the employee to participate in and satisfactorily complete a drug abuse assistance, rehabilitation or counseling program. Employees will notify the City Manager of any conviction under a criminal drug statute.

DRAFT



APPENDIX A

ADMINISTRATIVE MEMORANDUM

25-02

DATE: August 16, 2025
SUBJECT: Family And Medical Leaves as Provided by FMLA/CFRA Policy
(Responsible Department – Human Resources Department)

PURPOSE

The City provides family and medical care leave for eligible covered employees as required by state and federal law. This Policy is supplemented by the Federal Family and Medical Leave Act (FMLA), and California Family Rights Act (CFRA). Unless otherwise stated in this Policy, “leave” means leave pursuant to FMLA and CFRA. Unless otherwise provided by law, the City will run each employee’s FMLA and CFRA leaves concurrently.

FMLA/CFRA

In accordance with FMLA and CFRA, the City may designate eligible covered employees a leave of absence for a period of 12 work weeks of family and medical leave during a 12-month period for a qualifying event, or 26 workweeks to care for a covered servicemember.

Leave may be designated for one or more of the following qualifying reasons:

1. The birth of the employee’s child, or placement of a child with the employee for adoption or foster care, or to care for a newborn of an employee, or for baby bonding;
2. To care for the employee’s child, spouse or registered domestic partner or their child, parent, grandparent, grandchild, or sibling or designated person who has a serious health condition;
3. For a serious health condition that makes the employee unable to perform their job;
4. For an employee, or for an employee’s family member, against whom a “Qualifying Act of Violence” has been committed. A “Qualifying Act of Violence” is defined as any of the following regardless of whether it results in an arrest, prosecution, or conviction:
 - Domestic violence
 - Sexual assault
 - Stalking, or
 - An act, conduct or pattern of conduct that includes any of the following: an individual causing bodily injury or death to another individual; an individual exhibiting, drawing, brandishing, or using a firearm, or other dangerous weapon, with respect to another individual; or an individual using or making a threat,

whether actual or perceived, to use, force against another individual to cause physical injury or death.

- “Family member” means a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner, as those terms are defined in Section 12945.2, or designated person. “Designated person” means any individual related by blood or whose association with the employee is the equivalent of a family relationship. The designated person may be identified by the employee at the time the employee requests the leave. An employer may limit an employee to one designated person per 12-month period for leave pursuant to this section.
5. Leave for a variety of “qualifying exigencies” arising from an employee’s spouse, son, daughter, or parent is on active duty or call to active-duty status in the National Guard or Reserves in support of a contingency operation;
 6. Under the CFRA only, leave for a variety of “qualifying exigencies” arising from an employee’s domestic partner is on active-duty status in the National Guard or Reserves in support of a contingency operation. Leave for this purpose does not apply to FMLA leave and will not run concurrently with leave under the FMLA; or
 7. Leave to care for a spouse, son, daughter, parent or “next of kin” who is a covered servicemember of the U.S. Armed Forces who has a serious injury or illness incurred in the line of duty while on active military duty; or existed before the beginning of the member’s active duty and was aggravated by service in the line of duty on active duty in the Armed Forces. This leave can run up to 26 weeks of unpaid leave during a single 12-month period.
 8. Leave that is requested for the birth, adoption or foster care placement of a child of the employee, must be concluded within one year of the birth or placement of the child. An employee is entitled to leave for one of these purposes for at least one day, but less than two weeks duration on any two occasions; otherwise leave must be used in a minimum increment of two weeks.
 9. When both parents are employed by the City and request simultaneous leave for the birth or placement for adoption or foster care of a child, the City will designate 12 workweeks of family/medical leave for each employee.
 10. If leave is requested as family care leave for a qualifying family member or the employee with serious health condition, there is no minimum amount of leave that must be taken. However, compliance with the notice and medical certification provisions in this Policy is required.

Serious Health Condition

Serious health condition: A serious health condition means an illness, injury, impairment, or physical or mental condition that involves one of the following:

- Inpatient care in a hospital, hospice, or residential medical care facility, including any period of incapacity or subsequent treatment in connection with or consequent to such inpatient care;
- A period of incapacity of more than three consecutive calendar days that involves (a) treatment two or more times by a health care provider or (b) treatment by a health care provider on at least one occasion which results in a regimen of continuing treatment under the supervision of the health care provider;
- A period of incapacity due to qualifying pregnancy or other pregnancy related conditions; the City will be careful to ensure that PDL for eligible covered employees runs separately and concurrently according to all laws;
- A chronic condition which (a) requires periodic visits for treatment by a health care provider, (b) continues over an extended period, and (c) may cause episodic rather than a continuing period of incapacity (e.g. asthma, diabetes, epilepsy, etc.);
- A period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective and the employee or family member is under the continuing supervision of a health care provider (e.g., Alzheimer's, a severe stroke, or the terminal stages of a disease); or
- Any period of absence to receive multiple treatments by a health care provider either for restorative surgery after an accident or other injury, or for a condition that would likely result in the period of incapacity of more than three consecutive calendar days in the absence of medical intervention or treatment.

Qualified health care providers include doctors of medicine or osteopathy, podiatrists, dentists, clinical psychologists, optometrists, chiropractors, alternative health care providers, nurse practitioners, and nurse-midwives authorized to practice under state law and performing within the scope of their practice under state law.

Eligibility for Leave

Covered employees are eligible for leave pursuant to this policy if the employee has been employed with the City for at least 12 months and has worked for at least 1,250 hours during the 12-month period immediately preceding the commencement of the leave.

In addition, to be eligible for Military Family Leave to care for an injured servicemember, the covered employee must be a spouse, domestic partner, son, daughter, parent or next of kin of a covered servicemember. The servicemember's medical condition must warrant the participation of the employee to provide supervision or care during the entire period of leave.

A covered eligible employee is may also use available leave entitlement for parental leave to bond with a new child within one year of the child's birth, adoption or foster care placement.

For purposes of calculating the 12-month period during which 12 weeks of leave may be taken, the City will use a rolling 12-month period measured backward from the date leave is taken and continuous with each additional leave day taken. Successive 12-month periods commence on the date of an employee's first use of such leave after the preceding 12-month period has ended. There is no carryover of unused leave from one 12-month period the next 12-month period.

Servicemember Care

An eligible employee may take up to 26 work weeks of leave during a single 12-month period to care for the servicemember proportional to an employee's average hours worked. Leave to care for an injured or ill servicemember, when combined with other FMLA/CFRA-qualifying leave, may not exceed 26 weeks in a single 12-month period. Servicemember FMLA/CFRA, to care for an injured or ill service member, is available once per servicemember, per serious injury or illness.

Qualifying exigencies may include addressing needs arising from short-notice deployment, attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, addressing needs related to the care of the military member's parent who is incapable of self-care, attending certain counseling sessions, to spend up to 15 calendar days with a military member who is on R and R leave, and attending post-deployment reintegration briefings.

Servicemember FMLA/CFRA runs concurrent with other leave entitlements provided under federal, state, and local law.

Medical certification for a Military Caregiver Leave must be from a United States Department of Defense, Department of Veteran's Affairs, or another authorized medical provider. It must indicate:

- Whether the servicemember has incurred a serious injury or illness.
- Whether the injury or illness renders the servicemember medically unable to perform the duties of the member's position.
- Whether the injury or illness was incurred in the line of duty while on active duty.
- Whether the servicemember is undergoing medical treatment, recuperation, or therapy, or is otherwise on outpatient status, or is otherwise on the temporary disability retired list.
- The probable duration of the injury or illness.
- The frequency and duration of leave the family member requesting leave will require.
- The family relationship of the eligible employee to the covered service member.

Procedures

Whenever possible, employees should provide at least 30 days advance notice for foreseeable events (such as a planned medical treatment for themselves or family member, or the expected birth, adoption, or foster placement of a child). For events that are less than a 30-day advance notice or that are unforeseeable, employees must notify the Administrative Services Director at

least verbally, as soon as the need for a leave is known. Failure to comply with these notice rules may be grounds for, and may result in, deferral of the requested leave until the employee complies with these notification/leave request procedures.

If an employee cites their own serious health condition as a reason for leave, the employee must provide a certification from the health care provider stating:

- Date of commencement of the serious health condition;
- Probable duration of the condition; and
- Inability of the employee to work at all or perform any one or more of the essential functions of their position because of the serious health condition.

All medical certifications must have a measurable calendar period. When medically necessary, leave may be taken on an intermittent basis.

If a covered eligible employee provides an incomplete medical certification, the employee will be given a reasonable opportunity to remedy any deficiency. However, if an employee fails to provide a medical certification within the time frame established in this Policy, the City may delay the taking of FMLA/CFRA leave until required certification is provided or deny FMLA/CFRA protections following the expiration of the period to provide an adequate certification.

If the FMLA and/or CFRA request is made because of the employee's own serious health condition, the City may require, at its expense, a second opinion from a health care provider that the company chooses. The health care provider designated to give a second opinion will not be one who is employed on a regular basis by the City.

If the second opinion differs from the first opinion, the City may require, at its expense, the employee to obtain the opinion of a third health care provider designated or approved jointly by the employer and the employee. The opinion of the third health care provider will be considered final and binding on the City and the employee.

The City requires the employee to provide certification within 15 days of any request for family and medical leave under state and federal law, unless it is not practical to do so. The City may require recertification from the health care provider if additional leave is required.

Compensation During Leave

FMLA/CFRA leave is without pay. However, the employee may use accrued paid leave. Use of accrued leave or other wage replacement benefits will not impede tolling leave time against eligible protected leave entitlement banks.

Benefits During FMLA

The City will continue to pay its customary portion of any group health, dental, and vision insurance during a leave of absence as required by law. When in unpaid status, to maintain coverage, employees are required to pay timely the full employee contribution, either through

payroll deduction or by paying the City directly. Employees may also arrange with Administrative Services Director for payment of any other payroll deductions. Any payments made by the City for the employee contribution will be collected from the employee by the City. The City may recover its portion of any group health, dental, and vision insurance premiums paid if the employee fails to return from leave under the circumstances described in applicable state or federal leave laws.

Sick leave, vacation and holiday benefits will not accrue during the period of any unpaid leave under this Policy.

Return to Work

An employee on leave of absence without pay due to the employee's own illness or injury will be required by the City to present to the Administrative Services Director a fitness for duty statement by the employee's treating health care provider releasing the employee with or without restrictions prior to returning to work. In appropriate circumstances, an employee may be restored to work, placed on administrative leave, and then required to undergo a fitness-for-duty examination.

Employees are expected to periodically report to the Administrative Services Director on their status and intent to return to work as often as necessary but not less than once per month during periods of medical leave use. This will avoid any delays to reinstatement when the employee is ready to return.

Under most circumstances, upon submission of a fitness for duty certification from the employee's health care provider that the employee can return to work from leave for the employee's own serious health condition, the employee will be reinstated to the same position held at the time the leave began or to an equivalent position. An employee returning from CFRA leave has no greater right to reinstatement than if the employee had been continuously employed.

Misuse of Leave

Employees who misuse or abuse family and medical care leave may be subject to corrective action up to termination. Employees who fraudulently obtain or use California Family Rights Act (CFRA) leave are not protected by the CFRA's job restoration or maintenance of health benefits provisions.

APPENDIX B

ADMINISTRATIVE MEMORANDUM

25-03

DATE: August 16, 2025
SUBJECT: Drug Free Workplace
(Responsible Department – Human Resources Department)

PURPOSE

This Policy is to promote a drug and alcohol-free workplace and to eliminate drug and alcohol-related inefficiencies and risks. This Policy applies to all City employees, whether they are on City property, or they are performing City-related business elsewhere, except as this Policy is superseded by federally mandated drug and alcohol policies. Compliance with this Policy is a condition of employment.

Disciplinary action will be taken against those who violate this, Policy.

EMPLOYEE ASSISTANCE PROGRAMS (EAP)

The Authority provides an EAP that offers counseling and treatment of drug- or alcohol-related problems.

PROHIBITED CONDUCT

1. The manufacture, distribution, sale, dispensation, possession, or use of any controlled substance, narcotic (including marijuana), or prescription drug that has not been lawfully prescribed to the employee in either workplaces or wherever Authority business is performed. (41 U.S.C. §§ 701-702; Gov. Code § 8355(a)(1).)
2. Working or being subject to call in if impaired by alcohol or any controlled substance, narcotic (including marijuana), or prescription drug that has not been lawfully prescribed to the employee.
3. An employee's failure to notify the employee's supervisor, Department Head or City Manager before beginning work when taking medications or drugs, including, but not limited to prescription drugs, over the counter medications, or illegal drugs or narcotics (including marijuana), which could interfere with the safe and effective performance of duties or operation of the Authority.
4. An employee's failure to notify the City Manager or designee of any criminal conviction for a drug violation that occurred in the workplace within five days after such conviction. (41 U.S.C. §§ 701-702.)
5. An employee's criminal conviction for a drug violation that occurred in the workplace.

DRUG AND ALCOHOL TESTING

The City has discretion to test applicants and employees for alcohol and drug use under the following circumstances. The City will use an outside laboratory to perform all testing.

1. Pre-Employment Testing for External Applicants: Those external applicants who apply for jobs where a special need for pre-employment drug and alcohol testing exists must take and pass a drug and alcohol test following a conditional offer of employment. The categories of jobs subject to pre-employment drug and alcohol testing include, but is not limited to, the following:
 - A. Safety sensitive jobs that have public safety implications, such as operating heavy trucks to transport hazardous material, protecting national security, enforcing drug laws, and/or operating natural gas pipelines, and
 - B. Jobs that involve the direct influence over children.
2. Reasonable Suspicion Testing: The Authority may require a blood test, urinalysis, or other drug and/or alcohol screening of those employees who are reasonably suspected of using or being under the influence of a drug or alcohol at work, under the following circumstances.
 - A. “Reasonable suspicion” to test exists if, based on objective factors, a reasonable person would believe that the employee is under the influence of drugs or alcohol at work. Examples of objective factors, include, but are not limited to: unusual behavior, slurred or altered speech, body odor, red or watery eyes, unkempt appearance, unsteady gait, lack of coordination, sleeping on the job, a pattern of abnormal or erratic behavior, a verbal or physical altercation, puncture marks or sores on skin, runny nose, dry mouth, dilated or constricted pupils, agitation, hostility, confused or incoherent behavior, paranoia, euphoria, disorientation, inappropriate wearing of sunglasses, tremors, an accident involving agency property or equipment, or other evidence of recent drug or alcohol use.
 - B. Document and Analysis: In order to receive authority to test, the supervisor must record the factors that support reasonable suspicion in writing and analyze the matter with the City Manager or designee. Any reasonable suspicion testing must be pre-approved by the City Manager.
 - C. Testing Protocol: If the documentation and analysis show that there is a reasonable suspicion of drug or alcohol abuse at work, upon approval by the City Manager, the employee will be relieved from duty, and transported to the testing facility and to the employee’s home after the test. The employee will be placed on sick or other paid leave until the test results are received.

CONVICTION FOR DRUG-RELATED OFFENSE

An employee who is convicted under a federal or state criminal drug statute relating to any conduct prohibited by this policy will be deemed to have violated this, Policy. Upon receiving notice of a conviction of an employee for any such violation, the City will either (a) take appropriate disciplinary action in accordance with this Policy, and/or (b) require the employee to participate in and satisfactorily complete a drug abuse assistance, rehabilitation or counseling program.

Employees will notify the City Manager of any conviction under a criminal drug statute.

8. CONSENT

- E. Approve the Regular Meeting Minutes of May 20, 2025.
- F. Approve the Special Meeting Minutes of June 4, 2025.
- G. Approve the Special Meeting Minutes of June 9, 2025



CITY OF SAN JUAN BAUTISTA CITY COUNCIL STAFF REPORT

DATE: AUGUST 19, 2025

DEPARTMENT: CITY MANAGER / ADMINISTRATION

FROM: ASHLEY COLLICK, CITY MANAGER

BY: ROY MORALES, ASSISTANT TO THE CITY MANAGER

TITLE: CITY CO-SPONSORED EVENTS CONDUCTED BY OR IN PARTNERSHIP WITH NONPROFIT ORGANIZATIONS

RECOMMENDATION:

No. action. Review and discuss establishing a policy for City-co-sponsored events conducted by or in partnership with nonprofit organizations, as presented

BACKGROUND:

The City of San Juan Bautista has a long history of working with nonprofit organizations to host events that promote community engagement, preserve local culture, and stimulate economic activity. However, until now, the City has not had a formalized policy outlining eligibility, application procedures, support mechanisms, and post-event requirements for such partnerships.

The proposed policy would create a clear and consistent framework for City co-sponsorship of nonprofit-led events. This ensures that partnerships serve a public purpose, provide measurable benefits to residents and visitors, and align with the City's goals for cultural, educational, environmental, and economic vitality.

Summary

1. Purpose and Intent

Defines the overarching goal of enabling partnerships with nonprofits to produce or participate in events that deliver public benefit.

2. Definitions

Clarifies key terms such as "City-Co-sponsored Event," "Nonprofit Organization," and "In-Kind Support" to ensure consistent interpretation.

3. Eligibility

Nonprofit organizations must meet at least two measurable indicators aligned with City goals

such as cultural heritage preservation, economic vitality, environmental stewardship, community wellness, arts and culture, public education, and equitable access.

4. City Support

Support can include permit fee waivers, facility access, in-kind services, and event promotion, provided that staff capacity and budget allow.

5. Application Process

Applications must be submitted 60 days prior to the event (120 days for requests exceeding \$5,000 in City support). Required documentation includes a City-co-sponsored event request form, special event permit application, proof of nonprofit status, insurance certificate, and event budget.

6. Post-Event Reporting

Nonprofits must submit a report within 30 days after the event, including attendance data, financial summary, public impact documentation, and photographs. Failure to report may result in penalties and loss of future co-sponsorship eligibility.

7. Limitations

Clarifies that co-sponsorship is not an endorsement, is contingent on budget/staff availability, and may require County approval if applicable.

8. Standard Conditions of Approval

Includes requirements for permits, ADA compliance, waste management, security, traffic control, public notification, indemnification, and revocation rights.

FISCAL IMPACT:

Fiscal impacts will vary based on the level of City support provided. Support may include waived fees, staff time, and in-kind services. Requests exceeding \$5,000 require Council review and approval to ensure budget availability.

DISCUSSION:

Consider adopting an ordinance. An Ordinance would provide immediate clarity and consistency for nonprofit event partnerships.

Take no action. Nonprofit partnerships would continue without a standardized policy, risking inconsistent application and potential inequities.

CEQA CONSIDERATION:

This action is exempt from the California Environmental Quality Act (CEQA) as it constitutes an administrative activity that will not result in direct or indirect physical changes to the environment.



City of San Juan Bautista
August 19, 2025

Roy Morales- Assistant to the City Manager



Law & Fire monthly summary



SHERIFF'S OFFICE

June / July

- 4- Domestic Violence related calls during June
- Uneventfully 4th of July weekend
- 7/1/25-Suspicious male approached a juvenile at local park. Area canvassed, entry was posted on social media,
- 2nd case of graffiti at the roundabout and mural. The graffiti is FEO.
- 1- Hit & run case on Monterey St.
- Encampment project w/ Code Enforcement

FIRE

June / July not available

- 1- Fire (3rd St, outside rubbish fire)
- 25- Medical
- 14- Vehicle Accidents (1 in the City)
- Special Event- Los Padrinos
- 7- Inspections
 - New Business- Mission Market
 - 2-Residential Solar
 - Hotel Inspection-Posada

Code Enforcement Update

- 2- Stop work orders
- 3- Violations: building without property, trash and debris on property
- Working on municipal code violations pertaining to downtown
 - Outside seating
 - Signs
- Coordinated with County agencies on illegal encampment

Projects

- 3 Ford Mavericks and 3 full sized Chevy trucks
- No major calls for service on the 4th of July within our city
- Coordinated 4th of July response (Cameras, increased penalties, contracted private security, 1 deputy)
- Assisted Public Works staff with planning city hall remodel project
- Coordinated response with County Environmental Health- street vendors
- Assisted Liz with new personnel procedures
- Working with local market on Fire safety rules and regulations
- Encampment Removal
 - Posted 3 days prior by vendor
 - Individual offered county mental health services to include a 3–4-night stay at a local hotel, bed space at county shelter, food vouchers, ALL REFUSED
- Met with local business regarding events hosted on their property
 - In response to other business complaints
 - Food vendors with no health permits